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The Nation's Business

Our War Effort,— Where We Go Now

As Canadians look back upon their war effort during the past year they see much in which they can take pride. Three things in particular are gratifying:

1. The unity of purpose in Canada. People of both languages, native Canadians and new Canadians, factory workers and farmers have displayed equal loyalty, equal courage and equal devotion to the single purpose.

For their leadership in French-speaking Canada, Rt. Hon. Ernest Lapointe and Hon. Adelard Godbout have earned and received the thanks of all Canadians.

2. The unselfish response of all the people, and particularly of young men, to the call for national service, whether in uniform or in civilian life. If the youth of Canada went "soft" in the years of depression there has been little evidence of it since this war flung down its iron gauntlet.

The financial heads of the Government — first Col. Ralston and then Mr. Ilsley — have laid heavy burdens upon the people. The people in turn have thanked them for their honest ruthlessness and have accepted heavy sacrifices willingly.

3. The manner in which Canadian industry, in its turn, has risen to meet the demands upon it.

When the crisis of last June put Canada "on its own" in defense supply, a country that had previously been complacent was suddenly confronted with the need to speed up and diversify its production to an unprecedented degree. To the credit of Hon. C. D. Howe it must be recorded that he saw the need, that he made prodigious efforts to respond to the demand. He gathered about him many of Canada's ablest business executives. They have worked unceasingly to get supply needs filled.

These are not all the important achievements. The pilot training plan has made progress and has speeded up its schedule under the fierce driving force of its leaders. A scheme of joint defense with the United States has been developed and Prime Minister King's rôle in it has been acclaimed by all classes of Canadians. Moreover, there is no evidence that the planning of North American defense militated against rushing all available aid — in men, materials and munitions—to Britain.

* * *

As Canadians survey their record of accomplishment in the war to date they can, if they wish, give themselves high marks. But that would be a fatal thing to do. That is but the pathway of complacency, and that pathway in war leads to bitter defeat.

It is no meaningless parrot cry that war is "total," that victory calls for an "all out, national" effort. So the nation's contribution must be constantly subjected to the most critical analysis. We must look even harder for the weak spots than for the strong spots. For nations in wartime, like Achilles, must be entirely strong or they are not strong at all.

A great many people have been very critical of The Financial Post because it has spent as much time searching out the weak spots in our national organization for war as in trumpeting the successes achieved. But there is only one thing that counts, victory; and the real editorial fifth columnist is not the honest critic but the editor, political leader or publicist who unceasingly seeks to gloss over major defects.

* * *

Of the press of Canada it may honestly be said that complacency and unquestioning partisan support of the Government are not now widespread. In fact criticism and concern are spreading rapidly. Newspapers that fought a vigorous battle for the return of the present administration are in the forefront of those now calling for a better defined purpose in our war effort.

The Windsor Star goes so far as to say that Canada is a "neutral"; that we have no leadership at all. The Vancouver Sun records report widespread "mutterings" about the management of our war effort. The Toronto Globe and Mail, the Winnipeg Free Press, the Winnipeg Tribune—in fact all the important newspapers of Canada—have been revealing a growing impatience with the almost "planless" war effort of this country. They believe that the spirit of self-sacrifice and industry of the people has not yet received full recognition from the Government leaders, some of whom still live for political combat against the other party rather than for the death struggle against the "new order" the gangster dictators would impose upon us.

* * *

This tendency among the press and people of Canada for hardy self-analysis at this time is a healthy one. Where will it lead?

The Financial Post submits that among the objectives that this country will be forced by circumstances to define for its war activities, the following are pre-eminently important:

1. We must have a war plan, purposeful and clear. It must set forth clearly that all we have is in the Battle of Britain—that is the

(Continued on page 2, col. 3)

Outlook Grows Darker For Sirois Report Meet

No Softening Seen of Ontario Opposition — Quebec Sees Danger — Prairies and Maritimes Support Findings

From Our Own Correspondent

OTTAWA.—With the Dominion-provincial conference ten days away, the prospect for the Sirois report is becoming increasingly darker.

Officials at Ottawa who are working on the conference have little authoritative information to go on, as none of the provincial governments has sent in any detailed expression of opinion for or against. The only official expressions of view are such as were expressed in the acceptances to the conference invitation, and in casual speeches. In Quebec, in particular, the newspapers are regarded as reflecting an attitude which no provincial government could wisely ignore.

Provincial Line-up

The line-up of the provinces, at the moment, is as follows:

The Maritime Provinces are generally regarded as favorable to the adoption of the report. Recent critical publicity in the Halifax Herald is not thought to spring from any considered antagonism and certainly the governments of these provinces will surprise everybody here if they come to the conference with the purpose of making trouble, of weakening the King administration.

In Quebec, unfortunately, very strong opposition has developed and it is doubtful if the Godbout Government can continue the line of benevolent neutrality. The nationalists have made the report an issue and the Duplessis opposition undoubtedly is backing the dissenters to the limit. This opposition has powerful mouthpiece in the press and includes, it is said, a substantial following in the clergy and the teaching profession.

This Quebec opposition takes the line that the report is a centralizing scheme which will transfer powers from the provinces to the Dominion and therefore reduce the authority of the Quebec Legislature. They oppose any reduction of provincial powers. So rapidly has this anti-report movement spread in Quebec that it is now thought doubtful if the Godbout Government can ignore it. Hitherto, Premier Godbout has carefully refrained from criticizing the report. It seems as if he may be driven into a more critical position.

The Hepburn Government has been variously reported as being opposed to or in favor of the report. But Ottawa, at last, has come to the conclusion that Mr. Hepburn is the deadliest foe of all. His instinct to kill may take the form, as outlined in last week's Post, of professing that the findings do not go far enough: that the provinces in receipt of adjustment grants must be placed in a receivership—but whatever the tactic, the hard face of outright opposition is now believed inevitable. Whether or no Mr. Hepburn means to make the report an issue in a general election, no one knows. Some Dominion ministers would ask for no better issue and would make it a Dominion election, but they are in a small minority.

The chief point with respect to Mr. Hepburn is that the time of day dreaming, of wishful thinking, is finished. Ottawa expects nothing from Mr. Hepburn but war to the death.

As far as intimations from the Ontario Government go, both official and unofficial, there is little indica-

(Continued on page 5, col. 2)

Hon. E. C. Drury Suggested As Successor to Gardiner

Hon. E. C. Drury, former United Farmers premier of Ontario, is being discussed in some Liberal party circles as a possible successor for Hon. James G. Gardiner, as Minister of Agriculture. If appointed he would be the first eastern Canadian to hold that position since well before the Great War. Mr. Gardiner also holds the office of Minister of National War Services and there has been a widespread demand in Canada that Canada should have a full-time Minister of Agriculture.

As premier of Ontario between 1919 and 1923 Mr. Drury's most notable achievement was in stopping the plan of Sir Adam Beck to cover Ontario with a network of electric railways. It is now generally admitted that the Beck scheme would have turned out to be a most expensive fiasco.

Drury also gave encouragement to the development of Ontario's gold mining industry.

He is a graduate of Ontario Agricultural College and is now local registrar of the Supreme Court of Ontario and Clerk of the County Court of Simcoe County.

A farmer by profession, Mr. Drury became president of the United Farmers of Ontario in 1913 and served in that post until he was asked to form a provincial government.

His father was Minister of Agriculture in the Mowat cabinet in Ontario.

News to Ottawa

From Our Own Correspondent

OTTAWA. — Enquiry in political circles here revealed no one who had heard of the move to draft Drury as Minister of Agriculture.

Wide Field Open In Mine Contest

Many Dividend-paying Mines to Choose From — Enquiries Come In

Developments of the past year have tended to simplify the task of entrants in the contest on "Investing In Canada's Mines." Effects of war on mining have now been clarified in many instances.

Contestants also have a much longer list of dividend-paying mines from which selections can be made. Diversification is thus easier to secure without the necessity of sacrificing quality.

Since the first announcement of the contest last week, several points have been brought up on which contestants wish clarification. One prospective contestant wants to know if the contest covers non-metallic minerals. The answer is that it does, except that oil is not regarded as a mineral for purpose of this contest.

Another contestant is not clear concerning information desired on "the probable life of the mines" and the "likely net yield after amortization." In this connection, it can be stated that investors want to know what they can expect from a mine in the way of income after allowing for return of capital.

Some indication of this will be expected, but the contestant may supply this in the manner he feels best. He may possibly feel that a better case can be made for some mine with little blocked out ore than one with large proved reserves in which the future profit can be estimated with some degree of accuracy.

As announced last week the contest on "Investing in Canada's Mines" is open to everyone. First prize is $100. Second prize is $50. There are also numerous honorable mention prizes.

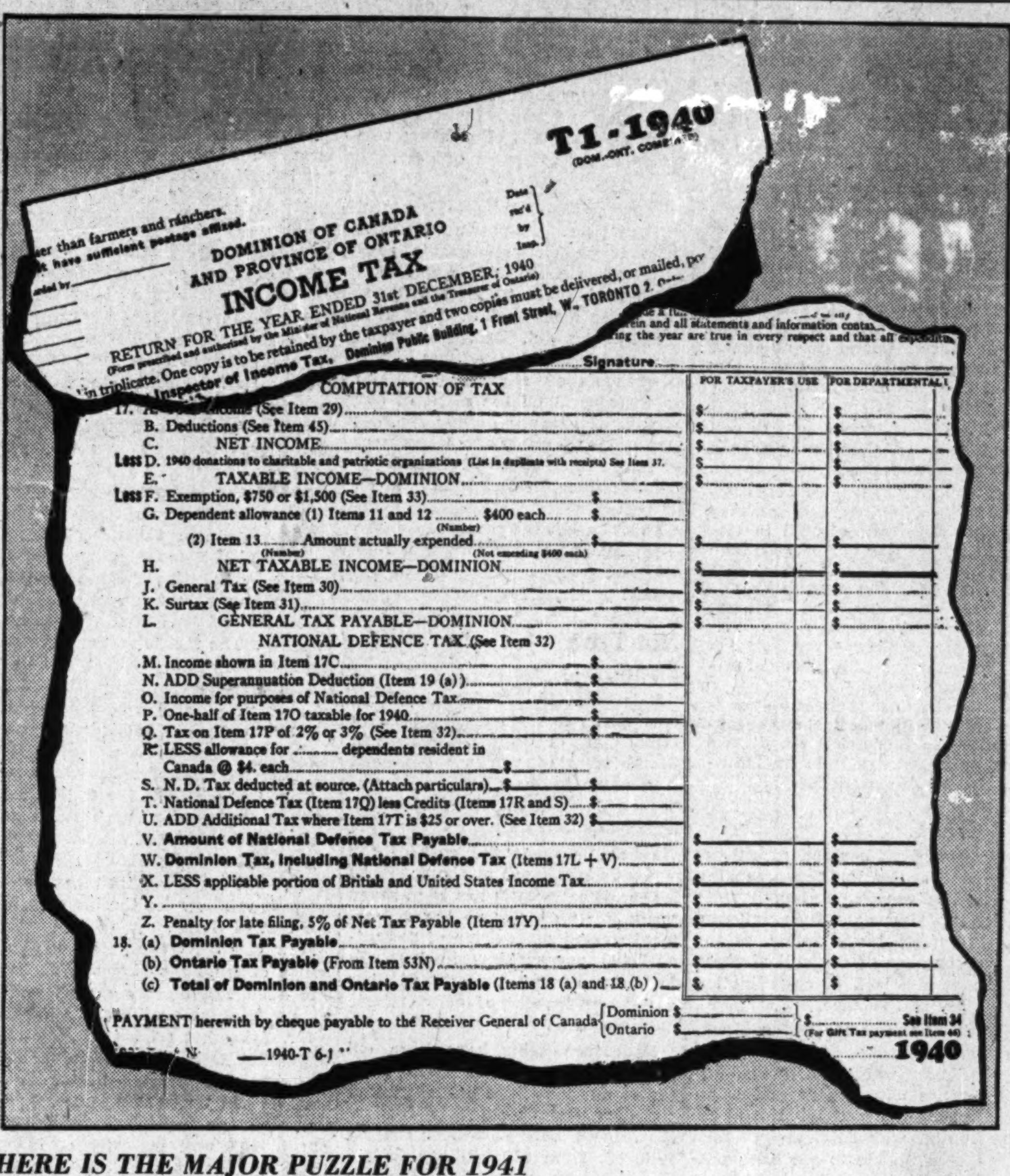
Full details of the contest will be found on page 11.

Public Offering Likely for N. S.

A public offering of Nova Scotia debentures is likely to be made about the end of this week. Tenders closed Tuesday for $3 millions debentures, proceeds to go to cover capital expenditures—largely on highways—for 1940 and 1941.

Tenders were received on $2 millions of 3½% 12-year bonds, dated Jan. 2, 1941; and $1 million short-term 3% bonds, dated Jan. 2, 1941, and maturing in 1944. Full sinking fund provisions are made.

Next N. S. maturity is $1.5 million due Aug. 16, 1941. Last maturity was $3 millions, which was met Nov. 15, 1940.



T1-1940 (DOM.-ONT. COMB.)

...her than farmers and ranchers. ...t have sufficient postage affixed.

DOMINION OF CANADA AND PROVINCE OF ONTARIO

INCOME TAX

RETURN FOR THE YEAR ENDED 31st DECEMBER, 1940

(Form prescribed and authorized by the Minister of National Revenue and the Treasurer of Ontario)

...in triplicate. One copy is to be retained by the taxpayer and two copies must be delivered, or mailed, p... Inspector of Income Tax, Dominion Public Building, 1 Front Street, W., TORONTO 2, Ont.

Date rec'd by Insp.

...ein and all statements and information conta... ...ing the year are true in every respect and that all expenditu...

Signature

COMPUTATION OF TAX — FOR TAXPAYER'S USE — FOR DEPARTMENTAL USE

17. A. ... Income (See Item 29)
B. Deductions (See Item 45)
C. NET INCOME
Less D. 1940 donations to charitable and patriotic organizations (List in duplicate with receipts) See Item 37.
E. TAXABLE INCOME—DOMINION
Less F. Exemption, $750 or $1,500 (See Item 33)
G. Dependent allowance (1) Items 11 and 12 ...... (Number) $400 each
(2) Item 13 ...... (Number) Amount actually expended (Not exceeding $400 each)
H. NET TAXABLE INCOME—DOMINION
J. General Tax (See Item 30)
K. Surtax (See Item 31)
L. GENERAL TAX PAYABLE—DOMINION
NATIONAL DEFENCE TAX (See Item 32)
M. Income shown in Item 17C
N. ADD Superannuation Deduction (Item 19 (a))
O. Income for purposes of National Defence Tax
P. One-half of Item 17O taxable for 1940
Q. Tax on Item 17P of 2% or 3% (See Item 32)
R. LESS allowance for ...... dependents resident in Canada @ $4. each
S. N. D. Tax deducted at source. (Attach particulars)
T. National Defence Tax (Item 17Q) less Credits (Items 17R and S)
U. ADD Additional Tax where Item 17T is $25 or over. (See Item 32)
V. **Amount of National Defence Tax Payable**
W. **Dominion Tax, including National Defence Tax** (Items 17L + V)
X. LESS applicable portion of British and United States Income Tax
Y.
Z. Penalty for late filing, 5% of Net Tax Payable (Item 17Y)
18. (a) **Dominion Tax Payable**
(b) **Ontario Tax Payable** (From Item 53N)
(c) **Total of Dominion and Ontario Tax Payable** (Items 18 (a) and 18 (b))

PAYMENT herewith by cheque payable to the Receiver General of Canada — Dominion $ — Ontario $ — $ See Item 34 (For Gift Tax payment see Item 46)

1940-T 6-1 — 1940

HERE IS THE MAJOR PUZZLE FOR 1941

Canadians with annual incomes of over $5,000 face an unusually complicated income tax form this year. There are four full pages of questions and instructions, including a wide panel down the centre of the inside pages, of type smaller than any used in this issue of The Financial Post. Final computation of the tax payable is a formidable undertaking, as the above reproduction from the new forms indicates. The new Defense Tax is largely responsible for the additional complications this year. For citizens with incomes under $5,000 there is special, and simpler, two-page forms this year.

Hear New Premier For Saskatchewan

Patterson for Senate With Davis Succeeding, Ottawa Says

From Our Own Correspondent

OTTAWA.—Reports of important political changes in Saskatchewan persist in Ottawa. There appears to be reason to expect that the vacant Saskatchewan senatorship will go to Premier W. J. Patterson. This would necessitate a reorganization of the Liberal Government in Saskatchewan and the likeliest successor to the premiership, should this report prove to be true, would be Justice Thomas C. Davis, who left the post of Attorney-General early this year to go on the bench but who came to Ottawa as deputy minister of the National War Services department before he actually took his seat on the bench.

Many liberals desired Mr. Davis to succeed Mr. Gardiner when the latter came to Ottawa as minister of agriculture in 1935.

Brief Inflation Foreseen From New Borrowing

While sale of $250 millions Dominion Government 2½-year notes to the chartered banks, announced by the Finance Minister this week, appears to be inflationary, economists do not regard it as necessarily inflation of a dangerous kind. It is regarded as only a temporary method of financing until the third war loan is floated next summer.

Monetary authorities stated to The Post they preferred to regard it as temporary expansion of credit to assist the Government meet its obligations rather than inflation.

Reason for these views is the belief that the expansion in bank deposits which will result from this financing will be only temporary.

Previous Borrowing

Economists discussing the matter stated that the $200 millions borrowed by the Government from the banks in Oct., 1939, had been pretty well absorbed. Bank investments on Oct. 31 last were down $142 millions from a year ago so that while short-term notes issued at that time were still outstanding, other Government loans had either been retired or sold to the public. If the same thing happens with this loan no ill effects are expected.

Had the banks been unable during the year to reduce their investments and this loan had come on top of the previous one the results would then definitely be inflationary.

The effect of the present financing therefore would seem to depend on how it is handled. If the expenditure of this money, and the third war loan spent in wages and for materials, enables the public to take an equal amount of securities from the banks in addition to the third war loan, then the operation is very similar to long-term borrowing

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The War And Business . . A Weekly Round-up

Gardiner Replies

A spate of criticism of the National War Services Department in connection with the national registration has drawn fire from Hon. J. G. Gardiner, the Minister responsible.

Criticism centres upon the lack of results from the national registration. Mr. Gardiner's defense is that public impatience should not obscure the splendid effort which is being made.

That there have been long and unnecessary delays in getting down to work on the registration is indisputable, but results are now coming in. Chief delay, perhaps, was in providing a building in which 8 million registration cards could be handled.

Having got the building, it is evident that last minute changes were made in the kind of information which was to be first obtained. Instead of using the registration to obtain general information, with respect to age groups, location of military manpower and the like, it was decided to give the labor department right of way.

A list of skilled trades—in so-called preferred industries—was drawn up by the labor experts. The registration cards are now being put through special census machines to create a roster of every skilled worker in Canada.

* * *

First returns, which will be by cities and towns, are now being completed. The whole job will run to perhaps one million names.

With this material in hand, the labor department will begin an intensive search for unused skilled workers.

It will be February before this work is completed. Thereafter the normal use of the registration will begin and results on other counts will become evident probably in April.

* * *

Two Divisions

Formation of a Canadian Corps overseas does not mean, for the time being, that the Government has authorized the raising of more divisions for the Canadian Active Service Force.

The announcement on Christmas Day was commonly believed to imply that the first and second divisions now in Britain would be reinforced by the third and fourth divisions now in Canada. The third division is already formed and the fourth is in process of integration.

This would have involved the raising of at least two more divisions for home defense. As each battalion in modern war costs $5 millions to equip the cost would have run to well over $150 millions on equipment, weapons and so on, without regard to the maintenance either of the men or the equipment. Pay, food, shelter and clothing for two divisions would cost around $35 millions per year.

For the time being, it is learned authoritatively, the Canadian corps is to be a two division corps. No addition to the Active Service Force has yet been sanctioned and there is a strong feeling in Cabinet that emphasis must be placed on Air Force rather than Army.

* * *

Conflicting Figures

Editors and students agree that it would be an excellent thing if Cabinet Ministers and experts of the Munitions and Supply Department—but chiefly Cabinet Ministers — would get together and agree on war cost figures.

The ministers and the experts seem to be getting their figures from different sources, with the result that much confusion is created in the public mind.

* * *

On Nov. 13, Prime Minister King told Parliament that as at Nov. 4, 1940, the Dominion had awarded contracts on Canadian account worth $443 millions. Contracts on Britain's account totalled $134 millions and capital expansion came to another $235 millions:

One week later Hon. C. D. Howe, Minister of Munitions and Supply, gave these figures, as of Nov. 11:

Canadian account	$540 millions
British account	309 millions
Capital expansion	255 millions

On Dec. 27, according to a cable dispatch, Mr. Howe told BBC listeners that orders on Canadian account totalled $390 millions.

Hon. C. G. Power, in a speech at Montreal on Dec. 6, referred to the capital expansion programme ...

F. E. Wood, cost accountant of Munitions and Supply, told a Toronto audience on Dec. 4, that orders on Canadian account were $691 millions and on British account $318 millions.

Later on Mr. Wood corrected these figures as of December 10 to:—

Canadian account	$591,032,988
British account	180,000,000
Capital expansion	285,000,000

No doubt much of the apparent conflict in the foregoing figures can easily be explained but, issued as they are, these figures are more calculated to puzzle than to enlighten.

* * *

Magnesium

Nothing has been heard recently of plans to produce metallic magnesium in Canada. Last September a $15 millions project in northern Quebec was on the cards. Britain wanted metallic magnesium, and plenty of it, for airplanes and certain types of bombs. (Magnesium is lighter than aluminum and for some purposes better.) But Britain arranged for a supply from an American chemical firm and the Canadian blueprints went back on the shelf.

Now there is a chance of the magnesium supply question being raised again, but on the basis of a more modest project. There are at least two possible schemes. One of them would naturally be a plant built around the long-standing and comprehensive experiments of Consolidated Mining and Smelting. The other would use a different process.

* * *

Air Raids

At recent press conferences in Ottawa, much encouraging information has come out.

This week, Air Chief Marshal Sir Hugh Dowding, until a few weeks ago chief of the British fighter command, let Ottawa press men into a few "secrets."

Sir Hugh is en route to Washington to deal primarily with the standardization of air equipment. He put this problem in a new light when he remarked that the urgent need was to standardize not planes but gadgets, radio, wireless and other equipment. Britain now has first class U. S. planes ... there is no ground equipment to match.

Sir Hugh remarked almost casually that British scientists have beaten the night raider just as the day raider has been beaten. The equipment to strike down night raiders has been proved. But production takes time and it will be spring before the British defenses will be equipped.

* * *

There is another peril, however, which Sir Hugh regarded as more serious, the danger of air attack on shipping. This problem too is being worked out but the answer is not yet perfect.

There is no shortage in air crews at the moment, but when U. S. production floods in to supplement British production, the Commonwealth Air Training Plan will be under terrific pressure to produce crews.

Air raids are serious but Sir Hugh remarked that it was surprising how few war factories in Coventry were damaged. After 10 days, the effect was amazingly small.

* * *

Arms Production

At another recent press conference in Ottawa, W. F. Drysdale, Director General of Munitions Production, put the capital investment in new plant at $200 millions and set the value of annual production at $1 billion per annum. He said that with this expansion, Canada would have in hand about all that the country could handle. Six months hence, he said, Canada will be a very busy country indeed.

Much of this munition and arms work is done by automatic machinery. Some 50% of the employees will be women. All told, some 2,000 plants are now engaged in war production.

Mr. Drysdale remarked that gun barrel production has been of excellent quality. Actually, for one reason or another, Canadian producers have continued to make a barrel superior to current production in the United Kingdom.

Actual production now includes a wide range of shells, rifle, grenades and universal carriers. Production of aerial bombs will begin in January. In March depth charges, anti-tank mines and trench mortar bombs will begin

Policy Hits 'Abnormal' Bonuses

Government Said Determined to Levy Full Taxes on Excessive Year-end Payments

From Our Own Correspondent

OTTAWA. — Having given fair warning that abnormal Christmas or year-end bonuses would not be allowed under income or excess profits tax assessments, the Government is reported determined to go through with the task of compelling all employers who gave such bonuses to pay double.

These employers will be asked to pay taxes on the full amount of the abnormal bonuses and, judging from reports reaching Ottawa, the consequences may be fairly serious. Much will depend on the official anticipation of the term "abnormal."

Ask Clarification

Already many letters are reaching the capital asking for a more detailed statement of policy. These enquiries are being answered by references to the statements of policy made by Hon. J. L. Ilsley, Minister of Finance, prior to Christmas in which the present policy was clearly enunciated.

Speaking in Toronto Mr. Ilsley said: "A prominent industrialist told me the other day that the Excess Profits tax places executives in a very delicate position, that there are expenditures which they really feel are justified and should be made, but that they are hesitant about making them lest it be said that in authorizing them they would simply be making good fellows of themselves at the expense of the Dominion Government. Others tell me, however, that this sense of delicacy is not widespread and that expenditures are being made which would not be made were it not for the fact that to all intents and purposes 80% of these expenditures, or thereabouts, is borne by the Dominion Government in diminished taxes."

Extravagant Expenses

Mr. Ilsley then went on: "No industry, no business, no executive has any right to lessen the effectiveness or frustrate the purpose of the tax by authorizing or making expenditures of a wasteful or extravagant nature or which would not be authorized or made in the absence of the tax." And he proceeded to point out that the minister had the power to disallow expenditures as deductions for taxation purposes.

Later, when reports indicated that his earlier advice was not being followed, Mr. Ilsley issued a statement saying: "Firms paying abnormal Christmas bonuses and deducting them from tax returns may have their deductions reduced by the taxing authority. The same," he said, "is true of companies who abnormally enlarged their payrolls or spent extra sums on advertising, promotion or similar endeavors."

As against these statements attention is called to the Order-in-Council of June 19, 1940—the charter of labor in wartime—in which

(Continued on page 2, col. 3)

Hunt's Ltd. Does Better

Operating Income in 1940 Substantially Up From 1939

Substantial improvement in operations of Hunt's Ltd. was shown in the 1940 fiscal year just closed, compared with 1939, The Financial Post learns officially. The company operates a chain of candy, ice cream and baked goods stores in Toronto, Ottawa, Hamilton and London.

Operating income has been increased from the $1,366 reported in 1939. The net result still is in the red, after all charges including depreciation, but the net loss is substantially lower than the $52,223 reported in 1939. Continuation of the present favorable trend, The Post understands, suggests the company might be in the clear in 1941 for the first time since 1931.

Volume of sales has been increased and the per store results improved. The company has 31 stores, compared with 34 in 1938 and the record number of 36 in 1937. Unprofitable units and restaurant departments have been closed, with locations of other stores changed. All gradually are being changed over to a new, modern type. Since the annual meeting on Sept. 30, last, one store, located in Toronto, has been moved and modernized. The revamping programme will be continued in 1941 until the full chain feels the benefits of the changes. About 14 stores already have been redesigned.

Can. Malting Business Heavier

1940 Net Lower After Taxes — Capacity Increased 18% by Plant Addition

Canada Malting Co. had slightly heavier volume of business and increased earnings in 1940, compared with the previous 12 months, The Financial Post learns officially. After providing for higher taxes, however, net profit probably has been moderately lower than the $652,004 reported in 1939.

Both domestic and export business increased, the biggest jump being in the former. Major portion of the company's sales are in Canada, but the export business is a substantial factor. Biggest trade is with the United States and South America, with England and other European markets cut off as a result of the war. The export business has benefited from the loss of competitive sources of malt in Czecho-Slovakia, Poland, Denmark, Austria and Germany.

Outlook Favorable

The better domestic business has resulted from the generally higher buying power of Canadians. The promise that the industrial growth of the country in 1941 will mean still bigger payrolls is regarded as a promising factor for the new year's business. Tending to confuse the outlook, however, are the growing restrictions and taxes on non-war production. The major export markets are beyond the probable scope of the war, and are likely to be maintained.

The company's plants were taxed to virtual capacity in 1939, so it was difficult in 1940 to increase production. However, this condition was alleviated a month ago when a new unit to the Toronto plant was opened. This has malting capacity of 1,250,000 bushels, which increases the company's total capacity by about 18% to 6.5 million bushels. Other plants are in Montreal, Winnipeg and Calgary. The new unit cost over $600,000—somewhat in excess of the original estimates, as alterations in design and machinery were effected after construction started. It provides new storage as well as production space.

Canada Malting is not as hard hit by the "excess" profits tax as some companies, as earnings during the four base years 1936-39 were relatively stable. The Post estimates that base figure for computation of the tax is about $885,000. About 84½% of any earnings above this figure and 30% of all earnings below this go to Government taxes. The company earned $866,791, before taxes, in 1939.

Plane Output Plans Clearing

Visit of R.A.F. Emissary Likely to Crystallize Canadian Policy

From Our Own Correspondent

OTTAWA.—The visit to Canada of Sir Hugh Dowding, former chief of the R.A.F. Fighter Command, is expected to help to clarify aircraft manufacturing policy in Canada.

It is well known that Canada has been ready for some time to conclude negotiations for manufacture of front-line American aircraft in this country, but has been awaiting the go-ahead signal from the British Air Ministry.

While in Ottawa Sir Hugh Dowding has been conferring with Ralph P. Bell, Director General of Aircraft Production, as well as with Hon. C. G. Power, the Minister of National Defense for Air, and with members of the Air Council.

Meantime, it is understood that the conversations of Hon. C. D. Howe, Minister of Munitions and Supply, with British officials in England also will have an important bearing on the aircraft production policy.

As a result of all these heart-to-heart talks an early decision will be arrived at in respect to the number and types of aircraft to be built in Canada. But the final decision will not be made until Mr. Howe returns from England.

Sales of B. A. Oil Co. Reported Well Ahead

Sales of all products of the British American Oil Co. show an increase in excess of 25 million gallons over total sales for 1939, according to J. C. Millar, treasurer. Despite taxation double that of any previous year, Mr. Millar adds, 1940 dividends were paid out of current earnings from Canadian operations.

Make Sure You See—

Nazi Intrigue at Work in Panama
Where World Defense Meets—p. 9.

Swedish Tycoon Puzzle
Toronto Gift Spotlights—p. 9.

Noranda Pushes Gold Output
Noranda Puts Emphasis—p. 15.

Excess Profits Tax Meets New Criticism
Seek Extensive Revision—p. 4.

Sirois Report and Alberta

MEN'S SHOP

FINE APPAREL FOR MEN

After-Season Clearance

OF MEN'S WEAR ACCESSORIES

A splendid opportunity to fill out your winter wardrobe at unusual savings! We're offering an interesting variety of shirts, ties and slippers . . . broken lines taken from stock and reduced to clear!

SHIRTS

A comprehensive selection of imported cotton broadcloth shirts, in unusual and tasteful stripes . . . collar attached and tab collar styles. Sizes in the group . . . 14 to 17½. Sale price each **$1.69**

3 for $5.00

TIES

Long-wearing Macclesfields in a variety of attractive designs. Reg. $1.00, each 65c. Reg. $1.50 and $2.00, each **$1.00**

SLIPPERS

Comfortable slippers for your hours of ease! There are several styles and colours in the group . . . both hard- and soft-soled . . . broken ranges taken from stock. Sizes in the lot, 6 to 10. Reg. $1.95 to $4.50. Sale price pair **95c to $2.25**

FRIDAY AND SATURDAY ONLY

FREE PARKING WHILE SHOPPING

MEN'S SHOP

EATON'S - COLLEGE STREET

The Nation's Business

(Continued from page 1)

Battle of Canada. It must determine whether we are going to blueprint our war production alone or in co-ordination—full and complete—with the Mother Country and our neighbor, now our ally in blunt fact. It must reshape private life to the harsh demands of a $1.5-$2 billions war budget.

2. Such a clear definition of purpose cannot be worked out by ministers harassed by political responsibilities and never-ending routine duties.

Therefore we need an inner war cabinet composed of ministers, freed from departmental responsibilities, and charged solely with the duty of determining major war policy and carrying it out.

In the selection of such a cabinet the Prime Minister should not feel himself bound to nominate only the men of one party, one house, or even only professional politicians.

This war is big enough to call for bigger men than have yet been called to the nation's war councils.

3. The final assistance from Canada in the winning of this war may prove to be concentrated in two spheres: training of airmen and supply of food and munitions. Munitions include guns, shells, airplanes, barracks and barrack stores, personal equipment, ships, transport vehicles — in fact, ten thousand different products of machines and men.

Provision of such supplies is essentially a job of business organization, an industrial job. It is a job to be entrusted to an industrialist, to an experienced business executive.

* * *

Scores of good business executives are now working at Ottawa, seeking to speed up war production. In spite of that fact we have such unhappy tangles, not yet unravelled, as the wasteful unuse of our full airplane capacity, and lack of co-ordination in supply and finance.

Is this because the dollar-a-year men have failed, as that great organ of the bureaucrats, the Ottawa Journal, asserts with a glee that is inappropriate in wartime? Not at all. The reason why dollar-a-year men have been unable to get 100% production out of Canadian industry is that they have never been given the job to do their own way. They have been hired by the score to carry out the orders of the politicians and to do it, not the business way but the political way.

Canada has a Wartime Requirements Board challenged to plan and assign the use of power, materials, machinery and men. But it is purely an advisory board; it has no power to act on its own.

Canada has a director of aircraft production but he, too, is without final authority.

Put a dollar-a-year industrialist in charge of war supply; give him only one order and one responsibility — results — and 99% of existing confusion would disappear quickly.

* * *

The year 1941 is going to be a most difficult year. It is possible the fatefully tragic disappointments such as we experienced in 1940 will challenge us in even more urgent and distressing form. Hitler, unhappily, is not beaten yet. Defeat — certain, final and ignominious—faces him if all of the nations aligned against him do their part. Of the spirit of our people, of courage of our fighting men, of the adequacy of our resources there can be no question. There only remains then for Leadership to do its part.

This is what the press of Canada is saying. This, The Financial Post believes, cannot be too often repeated.

* * *

Not True Economy

It is reported that Premier Hepburn plans to close up the Ontario Department of Municipal Affairs in the interest of wartime economy. Any move in the direction of real economy will be hailed with delight. But is this true economy?

Estimates place the cost of the present department at about $60,000 a year. That $60,000 has been saved many times over since the department started supervision of defaulted local governments in 1935. In fact, much more than $60,000 has been saved for each of many Ontario municipalities.

Debenture debts have been cut about 9% to $76.8 millions for 25 of the 36 municipalities brought under the department's supervision since 1935. Bank loans have been sharply reduced, from $18 millions to $5.2 millions, with cash on hand substantially increased. Reserves of $14.4 millions have been built up, compared with $1.1 million at the time of default, while current deficits totalling $200,000 have been transformed into surpluses aggregating $3.7 millions.

To suspend the excellent work of this department now is false economy. With refinancing remaining for only six of the 36 Ontario municipalities which went into default Mr. Hepburn may assume that the department's work is virtually completed. Is this not a shortsighted view? Here is a case where one can apply the old adage about prevention being better than cure. Constant supervision is the best available insurance against municipalities getting into difficulties in the future.

* * *

Year End Bonuses: No Simple Test

The Minister of Finance has attempted to set forth a policy in respect to year-end bonuses paid by business firms to their employees. In general, the policy will be to permit—as an item of expense—"normal" bonuses. But where firms pay "abnormal" bonuses and the Minister of National Revenue believes they were paid to escape excess profits taxation, the Government will refuse to allow them and firms will in effect pay them twice, or nearly twice: first to the employees and second to the Government in the form of excess profits taxation.

Mr. Ilsley is oversimplifying the problem. The fact is that conditions are so abnormal in business as a result of the war that there is no test of normalcy that can be applied to bonuses to staff, especially bonuses that are shared by scores or hundreds of factory and office workers.

The Government itself has set forth a wage policy which asks of Canadian business firms that they not increase wages above a certain level, but rather that they pay bonuses to allow for the increase in the cost of living.

How can the Government urge a policy of temporary bonuses on the one hand and bluster against temporary bonuses on the other hand?

Mr. Ilsley has set his officials an impossible task in determining the difference between businesslike bonuses and tax-evading ones. In a few cases the decision may be easy, but in the vast majority of cases there will be no simple test to be applied. The Government will then be forced to trust the good sense and judgment of business executives, who, after all, know more about their relations with their employees than any government official can know.

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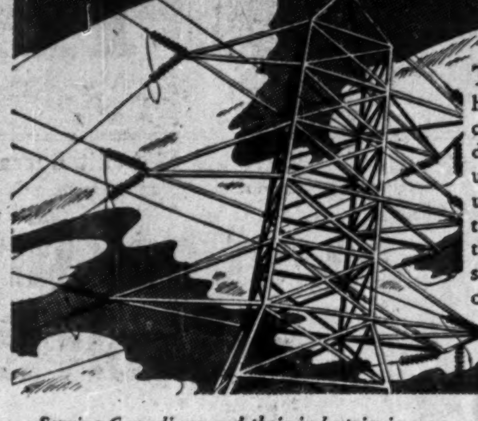

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Butter Policy Raises Doubts

See Danger and Loss in Ottawa's Price Pegging Move

From Our Own Correspondent

OTTAWA.—Hope of obtaining imports having failed, the Wartime Prices and Trade Board has pegged the price of butter. The peg is a maximum, not a minimum price, and knocks down the prevailing price by about 3 cents per lb.

Hopes of imports failed when enquiries in Australia, New Zealand and Argentine revealed that the British Government has bought up all available supplies in these countries. The British Government was not eager to part with any of this butter and the Canadian Government was not prepared to press its request beyond a casual enquiry. This was not deemed the time to try to compete with Britain in the matter of food supply.

Outcome in Doubt

How the price pegging policy will work out nobody at Ottawa, including the members of the Board, pretends to know. If the public is careful in not wasting butter and in not consuming to excess, the chances are that supplies will last until mid-May. New spring production will then be a factor. If not, several questions will have to be dealt with including rationing and the raising of the ban on oleomargarine. Organized producers are particularly opposed to the latter course.

The Board is well aware that price pegging, while it prevents profiteering and assures the fair distribution of supplies, does not solve the problem. It does not add a single additional pound to existing stocks, nor reduce consumption by the slightest amount. But the chances of getting by are so good that the Board has decided to insert the peg and then appeal for voluntary abstention and elimination of waste. In the latter category, restaurants are regarded as the chief offenders.

Stocks Depleted

The bald facts of the butter situation are:

Stocks, Dec. 1, 42 million pounds.

Consumption, per month, 24 million pounds.

Production now, 15 million pounds.

Stocks are down 7 million pounds over last year.

Consumption is up 4 million pounds due to increased employment, army requirements, etc. Production has fallen off by 26 million pounds since September, due to poor pasturage in the fall in eastern Canada. But there has been improvement in the West and more is expected next year.

Had price increases been allowed, the chances are that there would have been a large-scale diversion of milk from cheese to butter, thus making it impossible for Canada to fill the cheese contract with Britain recently negotiated by Hon. J. G. Gardiner, Minister of Agriculture. This would be regarded at Ottawa as a tragedy. Canada lost her cheese market in Britain in the last war because of the very conditions which now exist. The Department of Agriculture is bound that the market will be recovered this time.

Trade Faces Loss

Observers close to the butter trade say the order is a big mistake. They argue that it will probably cause loss to many retailers, because the price is pegged at the level ruling in the different wholesale centres on Dec. 12. On that date in Toronto, for instance, the jobbing price for No. 1 creamery prints was around 34½ cents. Since that date the market advanced to a high of around 37 to 38 cents a pound. Retailers who bought at higher prices will have to absorb the margin over 34½ cents themselves.

Dealers feel that as the Board did not peg prices when they were declining last summer, they should not peg them now on the advance especially on such short notice. If the Board wants to check consumption, they claim, it should have pegged prices at the top, as high prices are a deterrent to heavy consumption.

This was the experience during the last war, demand falling off when people felt prices had gone too high.

During the years 1914 to 1920 wholesale quotations at Toronto at the end of December in each year were as follows in cents per pound:

1914	30 to 32	1918	53 to 54
1915	33 to 34	1919	67 to 70
1916	46 to 48	1920	50 to 56
1917	47 to 48		

The high point seems to have been reached in March, 1920, when wholesale prices rose to around 68 cents, while average retail quotations for the Dominion went over 87 cents, probably higher than that ruling at Toronto. So far in this war prices have not approached half this level.

Montreal Brokers Protest

From Our Own Correspondent

MONTREAL. — While admitting the necessity of halting the soaring price for butter, produce brokers and storage warehouse executives here declare that the Wartime Prices and Trade Board's action in pegging the price was taken without sufficient preparation and study of the situation.

On several occasions in the past the Montreal Provision Trade Association has offered its facilities and collaboration to Ottawa for studying the butter situation, but has not been consulted.

To Prepare Brief

Following the official announcement declaring the peg in effect, the Association requested an audience with H. B. McKinnon. The chairman refused to talk the situation over with representatives but suggested that the Association submit a brief for the Board's consideration.

The Association is working on a brief, which it will forward to Ottawa upon completion, stating its views on the price fixing.

As a result of the order, trading in butter has virtually ceased on the commodity exchange. A great deal of uncertainty exists as to what the order actually means to the complicated distributing and storing machinery.

Zeller's Limited

Notice is hereby given that the Directors of Zeller's Limited have declared the regular quarterly Dividend of one and one-half (1½) per cent (37½ cents) on the Preferred Shares payable February 1st, 1941, to Shareholders of Record January 15th, 1941.

By Order of the Board.

T. E. McDERMOTT,
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MONTREAL

DIRECTION VERNON G. CARDY

Dosco Backlog of Orders Assures Capacity Operations

From Our Own Correspondent

MONTREAL. — Since the outbreak of war all plants of Dominion Steel & Coal Corp. have been operating to capacity, according to Arthur Cross, president of the corporation. There is a heavy backlog of orders on hand, yet, and deliveries are to a considerable extent governed by the list of priorities issued by steel controller.

Early in 1940 the steel ingot capacity of the Sydney plant was increased by about 50% and is now 600,000 tons per year. At the same time, additional by-products recovery and refining plants were installed to round out the company's productive facilities.

Indications for 1941, said Mr. Cross, are that there will be continuing capacity demand for steel directly for war purposes and for industries engaged in the production of munitions and supplies.

Policy Hits Big Bonuses

(Continued from page 1)

the bonus system was commended. This order declared that "fair and reasonable standards of wages and working conditions should be recognized and that where any temporary adjustments in remuneration are made, due to war conditions, they might well be in the form of bonus payments."

It is pointed out, here, that this Order-in-Council had reference to labor, as dealt with by the Labor Department and as including, generally, the membership of trade unions—and not to employment generally. The order was never thought of as having a wide application, and, in fact, the officials of the income tax and the finance departments never heard of it until the text was brought to their attention a few days ago.

Line of Policy

The line of policy which will be followed is fairly plain.

1. The Government will take no objection to normal bonuses.

2. Every allowance will be made to businesses in which the bonus policy is part of the traditional or customary wage system. These are businesses in which profits are chancy and wage levels, in consequence, are low. In such businesses, in a good year, low wages are supplemented by generous bonuses.

3. The Government will bear down hard on businesses that paid abnormally high bonuses and thereby reduced substantially the amount of taxation payable to the treasury.

Brief Inflation From Borrowing

(Continued from page 1)

from the public. The people at large in each case put up the money, in one case directly and in the other indirectly as the national income increases.

But if the short-term loan is not absorbed by the public ultimately, it creates an artificial expansion in money which would be inflation.

Forecast in November

Financing of this kind was forecast by Finance Minister Ilsley in the House of Commons on Nov. 21, when he stated that the decision not to issue the third war loan until summer made it necessary to undertake some short-term financing shortly after the beginning of the New Year.

When the first short-term loan of $200 millions was floated in Oct., 1939, Mr. Ilsley stated that expansion of credit should not be continued when employment and production were approaching their limits. On Nov. 21 he stated that while he had not changed his views he believed the tax programme of the Government had been and would continue to be such that some additional financing of a short-term character accompanied by an increase in bank deposits would not under the circumstances have inflationary results.

Much of the money to be raised this way, he stated, would be for use by the Foreign Exchange Control Board and repatriation of securities.

PM Distorts Facts On Nickel Export

The muddied waters of the nickel export question have again been stirred, in a manner suggesting a persistent effort regardless of facts to imply Canadian nickel is reaching the Axis powers.

In mid-November the New York newspaper PM published a dispatch from Montreal, signed Nettie Magder. By a series of innuendoes and unsupported inferences it sought to create the impression that Canadian nickel was reaching Japan and thence Germany. Subsequently The Financial Post exposed this as baseless in the light of established facts, especially the rigid control over all exports, even to the U.S., imposed by the Canadian and British Governments and the International Nickel Co. itself.

Recently PM returned to the attack with another Montreal dispatch from the same correspondent. This time the unfounded innuendoes and inferences were partly attributed to someone else, partly produced by the careful omission of vital information which would have pulled the props from under the entire report.

McClure Charges

The latest story is based entirely on the exploded allegations of Dr. Robert McClure, United Church missionary and Red Cross official in China, that Canadian nickel was reaching Japan and that some had been shipped (though not from Canadian ports) as recently as November 25 last. This aided Japan in her war against China and released Japanese reserves for shipment to Germany, he inferred.

Dr. McClure's original charge was made in Toronto December 4. The following day Prime Minister Mackenzie King flatly denied the charge, and reported that no permit had been granted for nickel export to Japan since Jan. 2, 1940. He called upon Dr. McClure to supply any evidence he might have of illegal shipments, or else retract.

The same day (December 5) Dr. McClure followed up his original statement with a telegram to the Prime Minister, demanding an "unequivocal statement" that not only was Canadian nickel barred from direct shipment to Japan but "every precaution taken to ensure" that none was finding its way circuitously to Japan or other country friendly with Japan. Dr. McClure then went to Ottawa to confer with Government officials on the matter.

Issues Apology

Only two days later (December 7) Dr. McClure issued a public statement apologizing for his allegations and in effect withdrawing his statements. This retraction said, in part:

"I am now satisfied that the Canadian Government is taking every possible precaution to prevent Canadian nickel from reaching Japan or the countries closely associated with our enemy.

"I am therefore desirous of expressing my apology to the Prime Minister and his Government in regard to my statements in Toronto on December 4.

"My information . . . must either have been inaccurate or else referred to the small quantities of nickel scrap in regard to which, as the Prime Minister stated yesterday, 'there is undoubtedly a small re-export trade from other countries to which the Canadian system of export control and guarantee cannot be extended.'"

Retraction Omitted

This apology of Dec. 7 is glaringly absent from the Dec. 23 report in PM. The only reference to it is in a remark that "Canadian newspapers ran headlines that Dr. McClure had apologized." But, says the PM dispatch, "this is what he really told the Prime Minister." And then Miss Magder proceeds to give verbatim, not the apology, but the text of Dr. McClure's telegram to the Prime Minister on Dec. 5.

"Since then, the Prime Minister has been silent on the subject," Miss Magder reports. And well he might be, in view of the unqualified verbiage of Dr. McClure's apology.

Plant Run by Government To Build Minesweepers

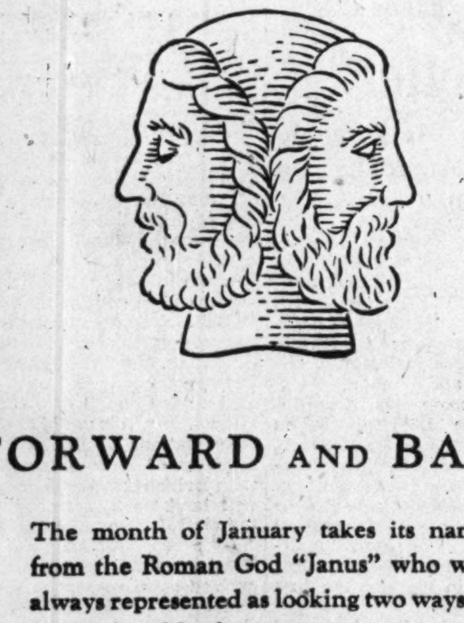
The Toronto plant of Dufferin Shipbuilding Co., taken over by the Government after internment of James Franceschini, wealthy road building contractor, will build six of the 12 minesweepers recently ordered from Canadian shipyards for the British Admiralty. The other six will be produced by North Vancouver Ship Repairs Ltd. in B.C.

The Dufferin plant was established by Mr. Franceschini early last year, utilizing part of the old Dominion Shipbuilding Co. property on the Toronto waterfront. In April, 1940, several months before Italy's entry into the war and Mr. Franceschini's internment, the concern was given an order for four minesweepers for the Canadian Navy at an estimated cost of $2.3 millions. Operations were continued after the plant was brought under Government control, and several of these four vessels have been completed.

The war shipbuilding programme in Canada now embraces orders, completed or under way, involving total outlay of $80 millions. Orders have been placed to date for 120 large naval vessels, including 60 corvettes, 28 minesweepers, and 10 Diesel minesweepers for the Canadian Navy; and 10 corvettes and 12 minesweepers for the British Navy.

Goodyear Tire Sales Higher

Sales of Goodyear Tire & Rubber Co. of Canada Ltd. for 1940 show an increase over the previous year, according to a letter to shareholders enclosing quarterly dividend cheques. President A. G. Partridge reports that net earnings covered all dividend requirements, although the increased business did not show the usual percentage of profit for the year.



FORWARD AND BACK

The month of January takes its name from the Roman God "Janus" who was always represented as looking two ways—forward and back.

Hence, from very early times, the first month of the year has been regarded as an appropriate time for reviewing the past and planning the future. In no field of activity is this more important than in matters relating to your Will.

Make it a point to review your Will every January and give careful consideration to changed circumstances. Consider too, the qualifications of your Executor. The addition of a simple codicil is all that is necessary to secure the administrative services of The Royal Trust Company.

REVIEW YOUR WILL EVERY JANUARY

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Dominion—							
Canada Treasury Bills	Dec.		....	Apr. 2, '41	$35,000,000	99.838	.643%

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Sun Life of Canada

War Housing Plan Drafted

Ottawa to Aid Erection of Demountable Dwellings in War Centres

From Our Own Correspondent

OTTAWA.—As part of the war effort, the Munitions and Supply Department will shortly announce a large housing programme to relieve congestion in centres where, owing to war activities, there are shortages of accommodation.

Typical points in this programme are Halifax, Trenton, Parry Sound, Barrie and Hamilton. The first move is likely to be in Hamilton. The plan will apply especially to places to which large numbers of people have been drawn from other points by military or war industry operations.

It is understood that thousands of new homes will be built and that prefabricated houses, which can be removed when no longer required, will be largely used. Model dwellings of this type have been inspected and pronounced suitable for the purpose. It is recognized that the war shortages will be temporary and that by constructing removable dwellings the communities concerned may be spared many headaches in post-war years.

Indirect Aid

While the details of the policy have yet to be worked out, it is learned that the Government is not inclined to undertake the construction directly. Nor will this be an extension or a variant of the pre-war housing policies.

The Government, it is understood, will assist industry to provide the necessary homes and while stipulating the types of houses and placing a ceiling on costs, will probably confine its aid to a cash contribution. Thus industry will be guaranteed against loss and, by using prefabricated houses, no permanent investment will be made.

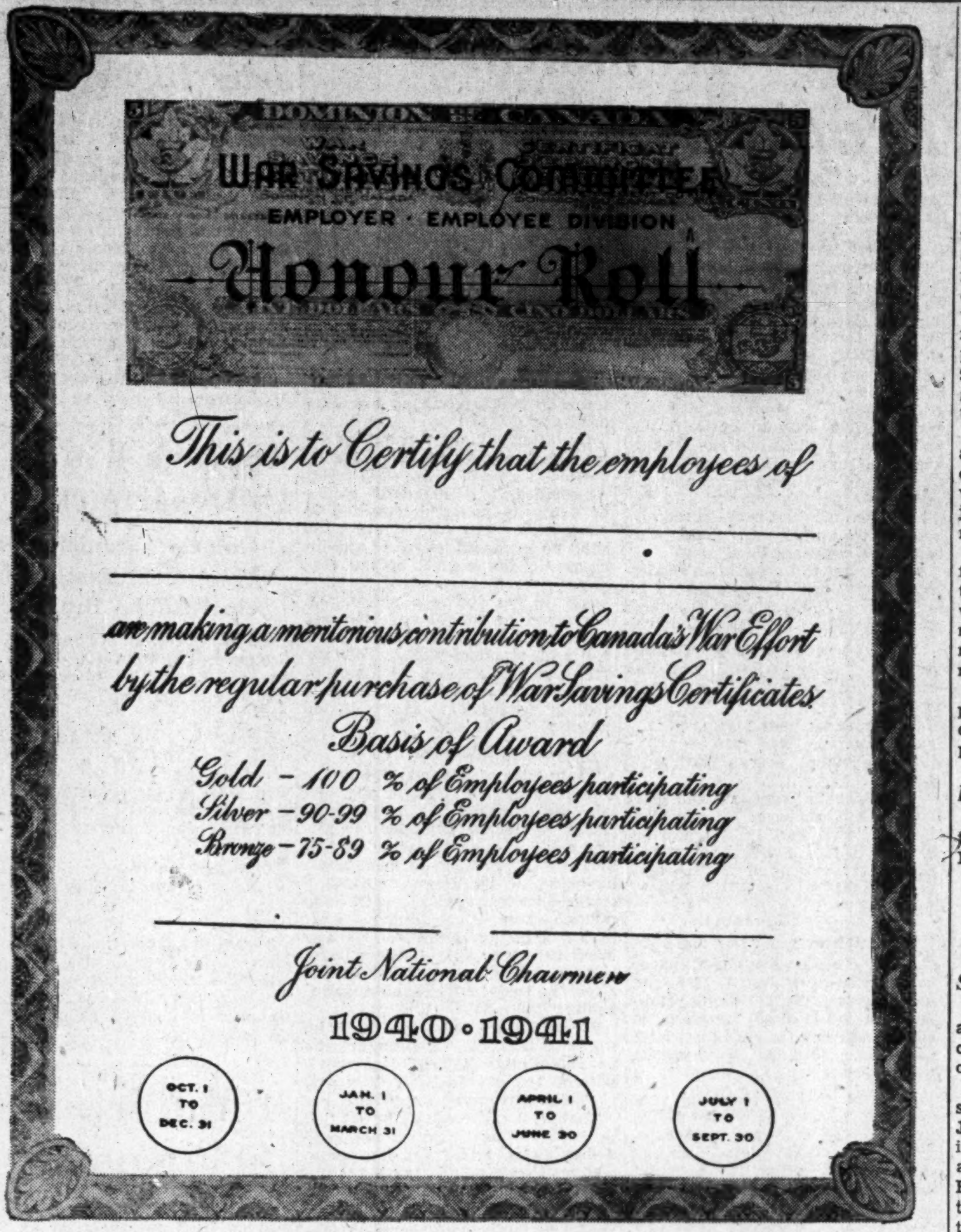
To assist in formulating plans and possibly to supervise the programme, the Munitions Department has called in officials of the Department of Finance, under which the National Housing Act and Home Improvement Plan were administered from their inception. Types of houses for the new plan are understood to have been selected by experts associated with the housing administration of the Finance Department.

Louisiana Land Co. Profit Prospects Better

From Our Own Correspondent

MONTREAL. — Net profits of Louisiana Land & Exploration Co. for 1940 will probably show an improvement over those of 1939. On indications, net will range from an equivalent of 25 to 30 cents a share. This would compare with actually reported income of $648,129, equal to 22 cents a share, in 1939.

For the first nine months of this year net amounted to $633,350, equal to 21 cents a share, against $407,804, equal to 14 cents a share in the corresponding period of 1939.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Honour Roll

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are making a meritorious contribution to Canada's War Effort by the regular purchase of War Savings Certificates

Basis of Award

Gold - 100 % of Employees participating
Silver - 90-99 % of Employees participating
Bronze - 75-89 % of Employees participating

Joint National Chairmen

1940 · 1941

OCT. 1 TO DEC. 31 | JAN. 1 TO MARCH 31 | APRIL 1 TO JUNE 30 | JULY 1 TO SEPT. 30

This is a reproduction of the Honor Roll certificate which the War Savings Committee hopes to have hanging in the office or plant of 10,000 firms across Canada. It is given to employers and employees who are continuously pledged to the regular purchase of war savings certificates. To qualify a firm and its employees must reach 75% of participation. In the class from 75% to 89%, the award will be a bronze seal; from 90% to 99%, a silver seal, and for perfection of 100%, a gold seal. Awards will be made quarterly. Already there are indications that a number of firms will qualify for the top-ranking gold award.

Quebec Speaks . . . . .

"If there is one thing my fellow countrymen in Quebec are proud of at this time, it is that they are British as well as Canadian."—*Rt. Hon. Ernest Lapointe, in the House of Commons.*

* * *

No one, recently, has spoken more frankly—nor more eloquently—for Quebec than Premier Adelard Godbout.

In his year-end message he stated: "The customary joy of Christmas and the New Year is tempered with pain, for the peace promised to men of goodwill has not yet shone upon the world. We ourselves, although some distance from the central theatre of war, realize that a menace faces America,—particularly Canada. Our sons have taken arms first to defend our country against any attack. But many have freely enlisted for service overseas. Shoulder to shoulder with their comrades of Great Britain and sister nations of the Commonwealth, they fight for right, justice, individual, social and national liberty against all the forces of neo-paganism.

"Whether they be soldiers, aviators or sailors; whether their scene of action be in Canada, her territorial waters, Great Britain or the ocean; whether they carry the fight to Germany itself, wherever they are they will maintain at its height the glory of their blood, their province and of Canada as a whole.

"French and English-speaking Canadians perpetuate the traditions of old, those of Carillon in 1758, the Plains of Abraham and Ste. Foy in 1759-60 under the French regime; those of Quebec in 1775 and of Chateauguay in 1812, true Thermopylae of Canada, where the French-Canadians saved the country for the British Crown. They also continue the traditions of their brothers who in 1914-18 proved indomitable heroes.

"The Province of Quebec has become, like the rest of Canada, a hive of industry directed to the following aims: National security, social, economical and political order, peace by victory, without the magnificent unity of Canada ever being imperilled. Of this unity we are the living symbol.

"We are working not only for victory but for after the war and the new conditions that will follow. Then the Canadian industries will no longer exist to carry on the war we are now waging against the enemy but will function for the complete economic development of our province, our sister provinces and of Canada, which will be called upon to become one of the first nations of the world.

"We will carry out the task that Providence has assigned to us with the same vigor with which we will have fought, toiled and triumphed."

* * *

We are asked for one thing, to generously divert our savings in order to support the Dominion's war effort. Expenditures on luxuries which are not indispensable should be rigorously suppressed. Such deprivations will be suffered with a good heart if we take due account of the reasons which impose them. All Canadians approve and will sustain the military efforts of the Dominion and the economic measures which are designed to strengthen them.—*La Presse, Montreal.*

The Post Bag . . . . .

Biggest Party

Was there a bigger Christmas party anywhere in Canada than the one held for Dominion Foundries and Steel employees at the company's Hamilton plant?

Day before Christmas the whole shop closed down. Male employees spent many hours cleaning up the mill; the girls decorated it. At 10 o'clock in the morning, 5,000 men, women and children trooped in for four hours of celebration. Each employee got an envelope with $5 or $10 in it; wives got boxes of canned goods, chocolates, etc.; children got toys.

The company's employees' band alternated with a professional orchestra to provide dance music. There was a huge floor show and clowns, jugglers and tumblers for the children.

It took two months to prepare the fiesta held this Christmas for the third time. All company executives were on hand except Frank Sherman, vice-president and general manager, who was ill. There were no speeches.

Only other day when the Dofasco plant closes down is the day of the company's equally large annual picnic.

* * *

Death Notice

The New York Times reproduces this from the death notices in the London Times:

Pearse: In Nov., 1940, due to enemy action, Jane Anne, very beloved child of Capt. and Mrs. Denham N. Pearse, age five months.

* * *

Soldier

What has a decade of hard times and soft legislation done to American youth? We submit this evidence on the subject:

A 15-year-old English evacuee schoolboy registered at a New Jersey high school. The principal invited him to speak in the school auditorium on his experiences in England. Within two weeks of the time the boy spoke, 25 youths from the school left for Canada to enlist.

We ran into one of them the other day. He is 19. He hitchhiked to Canada. Shortly after joining up he collapsed from fatigue and malnutrition, chiefly the result of his reckless haste in getting to Canada. Now he is in a military hospital being "built up" with rest and good food.

He told us that when he got overseas he intended to assign half his pay. He had no next-of-kin, he told us. If he was killed in action the American Red Cross would get the money. "I guess they can use it," he said.

* * *

Tips For Tenderfeet

A Canadian forest engineer thinks our airmen should get a little training in looking after themselves in the woods. Not one cadet in ten would know how to start a fire in the woods or how to protect himself in present weather, he says.

Any good forestry man could, in a few hours, teach these airmen what to do if they have to bail out in forested country.

* * *

Britons Laugh

An editor friend in England writes about the "funny sides" to air raids. ("Thank Heaven for humor in wartime," he says.)

Whenever a house or shop is bombed, the first thing to do is to put up a Union Jack, he writes. Then a comment has to be chalked up. "Business as usual — nearly"; or "Open as usual," countered by some wag across the street who writes "More open than usual."

On one store front appeared the sign "Don't lean on this window: it isn't there."

Another merchant had half a tree blown into his shop window. He chalked up: "The largest aspidistra in the world."

In one public drinking house a man was drinking his beer with bended elbow. A bomb came through the ceiling, touched his elbow and went through to the cellar without spilling the beer. It was a time-bomb and everyone ran for cover.

* * *

No Scratch-pads

Some of the wealthiest men we know use old envelopes in place of scratch-pads. In England envelopes are too precious even for that.

We got a letter this week from our good friend James Spence, press officer at Canada House, London. The address label had been pasted on. Apparently the envelope had been used once or twice before. On the back was printed "War Economy; Re-use all Envelopes."

* * *

Photo Racket

Visitors to New York, especially those attending conventions, are often called up by photograph agencies purporting to represent "the New York papers" and which ask for permission to send a photographer around to the hotel. Usually there is a vague hint that one of the bigger papers has asked for the picture.

Well knowing that he had no news value at all to the New York papers, a member of The Post staff submitted to the operation two years ago, just to see what would happen.

Before he left town that night proofs had been delivered to him. A salesman tried to take his order for finished portraits at $75 per dozen (worth perhaps $10).

He did not buy. Since then he has received numerous peremptory letters asking why his order has not been placed.

Latest touch is a letter saying that the firm recently made a fine goldtone miniature from one of the negatives for display at an exhibition of miniatures. The exhibition was now concluded. The miniature was worth $75. But the firm would sell it for $12.50, including the frame.

* * *

Painter's Wages

Sir Wyly Grier has painted most of the business leaders of Canada and many Americans too. We asked him recently how long it takes to paint a portrait. He gave us numerous examples. So wide was the range that the answer would seem to be, "As long as you can get your man to sit."

One wealthy American banker gave eight sittings of two hours for a $1,000 portrait. When Mr. Grier (as he then was) said, "Sir, your portrait is finished," the banker replied, "Well, Mr. Grier, you have earned just $62.50 per hour for this job."

* * *

Sold For Good

This week we bought a new dispatch case. It was expensive. Having worn out several other cheaper ones we decided to see if an investment in a more durable case would pay dividends. But the cost bothered us a bit.

When it was delivered there was a small card enclosed. The card read:

"QUALITY. There is hardly anything in the world that some man cannot make a little worse and sell a little cheaper, and the people who consider price ONLY are this man's lawful prey."—John Ruskin.

It made us feel happy and comfortable about our purchase.

How many firms are shrewd enough to recognize that it is important, once a sale has been made, to ensure that the customer is convinced he did the right thing.

TYRRELL'S BOOKSHOP
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43 Illustrations, 2 Vols., $9.00
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BRANCHES FROM COAST TO COAST

New Books . . . . .

Non-Conformist Catholic

COME WHAT MAY. By Arnold Lunn. Published by Collins, Toronto. Price $4.

Arnold Lunn, British author and publicist, takes the title for his autobiography from his last sentence which begins, "Come what may, I am glad to have lived on into these difficult but glorious days. . ." Lunn was the son of an old-fashioned Liberal, a Wesleyan preacher who later went into business. His mother was an Irish Protestant. Lunn himself became a Catholic. He was a radical in his earlier days. In recent years he has vigorously "debunked" doctrinaire radicalism and fought Bolshevist influences.

Lunn has written many books. In all, except his books on travel and on Alpine skiing, he has enjoyed being among the minority. And he has been in the minority in a wide variety of settings. He has entered the lists to tilt with the scientist, the churchman, the sportsman, the students of international affairs and the politicians. Lunn's self-selected mission in life seems to have been to ask pertinent, but sometimes embarrassing, questions whenever the public, like a herd of sheep, was pursuing a new fancy. His autobiography tells of many of these exciting combats in print.

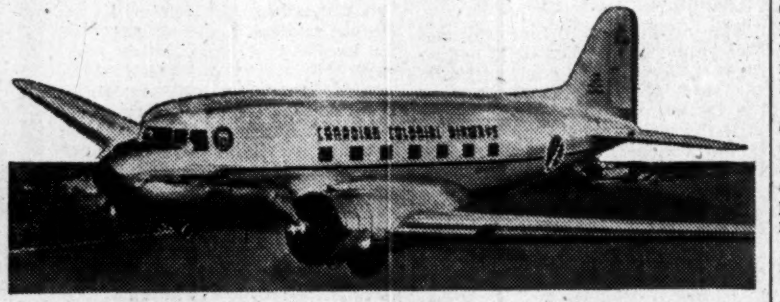
Lunn was a bitter opponent of Red Spain. On a visit to the United States a few years ago, where he came to lecture at Notre Dame University, he arraigned the Communists with great vigor and presented the "Catholic" side of the Spanish War.

The Republicans, he feels, began the Spanish war with almost everything in their favor. They lost because they sacrificed military to political considerations. The war was regarded as a means to an end—political revolution. By their treatment of the Catholic Church they had alienated churchmen the world over and lost the support of many people who would willingly have rushed to their side. But Lunn concludes that, while religion is very important in determining the support that people will give to their country or to other countries battling for their existence, it is much less influential than nationalism. Devotion to the church can influence men to support an unpopular cause just as millions of Catholics in Democratic countries supported Franco. But when the real test comes, such as in Germany today, Christians cannot be relied on to withdraw their support from the government in time of war. German Bishops, Catholic and Protestant, have acquiesced without protest in Hitler's recent invasions.

Arnold Lunn is a citizen of the world. He knows Europe well and writes of personal experiences in Germany, Austria, Poland, Spain, Italy and the United States.

"Come What May" is good reading. It is the story of a man of good humor who has dared to be different.

Golf this winter in Nassau's perfect climate that averages 71° all season. The course of the Bahamas Country Club is the scene of championship tournaments.



MAYFAIR SKY CRUISES TO NASSAU

This Winter Refresh Yourself in an Empire Setting

Designed primarily for the busy Canadian executive, these chartered 10-day cruise trips will leave Montreal on Friday and bring you back a week Sunday — refreshed in mind and body better to do the strenuous job ahead.

Plan now to use your Empire travel dollar for relaxation or for personal business contacts in Nassau following the recent visit of our Minister of Trade and Commerce.

First of these sky cruises will leave Montreal on Friday, January 17, at 12 o'clock noon. Time of departure provides for overnight rail and plane connections from both West and East.

Here is your opportunity for a change and rest this winter for eight stimulating Bahamian days.

And these "travel-in-the-Empire" sky cruises are All-Canadian — payable in Canadian currency.

Only ten cruise parties are planned. Book immediately to assure accommodation.

Easy to get there

- Direct All-Canadian air travel to the Bahamas this winter.
- Eleven hours flying time from Montreal to Nassau in new, luxurious 21-passenger Douglas airliners operated by Canadian Colonial Airways.
- No foreign exchange problems en route or in Nassau.
- The Canadian Foreign Exchange Control Board is prepared to provide any reasonable amount of Canadian funds or sterling to meet incidental expenses while in Nassau.

10 DAYS • $395. CANADIAN FUNDS

Including

- Round trip transportation between Montreal and Nassau.
- Room with bath and meals for 8 days at the famous British Colonial Hotel.
- Expenses en route.
- Transfers to and from airports.

ITINERARY

1st day (Friday)—Leave St. Hubert Airport (Montreal), 12 o'clock noon. Pass U.S. Customs at New York airport. Dinner served aloft after leaving Charleston, S.C. Arrive Jacksonville, Fla., at 8 p.m. for overnight stop. Room and breakfast provided at Mayflower Hotel.

2nd day (Saturday)—Leave Jacksonville at 9 a.m. over the Everglades to Miami (11 a.m.) Arrive Nassau, 12 o'clock noon.

2nd day to 10th day—Eight glorious days in sunny Nassau at the British Colonial Hotel . . . golfing . . . tennis . . . bicycling . . . swimming . . . riding . . . sailing . . . fishing . . . dancing . . . social life.

10th day (Sunday)—Leave Nassau, 9 a.m. Brief rest stops at Jacksonville, Charleston and New York. Arrive Montreal 8 p.m. same day.

Set in a romantic garden bordered by stately palms, the famous British Colonial Hotel will be your home in Nassau.

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"Pop—can I have $6,386,000 to buy some candy?"*

$6,000,000 is a lot of money for candy, but Star Weekly readers spent a little more than that in 1940. That gives you some idea of the tremendous market reached by The Star Weekly, when you consider $6,386,000 spent on candy and confectionery alone! Actually that figure represents over 15% of the whole Canadian candy market.

No other single medium in Canada can offer you such a vast market, such a steadily increasing circulation, as The Star Weekly. Currently, Star Weekly circulation is running well over its last published record of nearly 450,000 copies weekly. Now it's OVER the 450,000 mark and climbing steadily.

* Candy sales, according to Dominion Bureau of Statistics, were up 16.7% for the first 9 months of 1940. Applying this trend for the full year, candy sales in Canada in 1940 will be over $40,000,000. Sales to Star Weekly families are based on ratio of Star Weekly families to total number of families in each province.

For the market that counts, reach the people who read

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Investment Trends

See New Yardsticks For Investors in 1941

Developments in Fateful Year Expected to Remove Number of Existing Uncertainties — Active Stock Exchange Seen as Aid to War Finance

Coming events cast their shadows before—but to the investor present projections are thin substance on which to lay an investment policy.

Since the spectre of war arose investors have found a good number of preconceived ideas of market action shattered by performance. Great War precedent has proved as useful as 1917 trench warfare strategy. Rule of thumb logic and common-sense are dictating procedure for protection of investments. By the end of the critical year now starting the investor should be in possession of a new set of facts, probably more definite and reliable than those he now has.

In the meantime shrewd observers emphasize the need of sober and circumspect judgment. Yardsticks of sound and capable management; long-term records of earnings and payments and the possible trend of requirements for services and commodities still remain cardinal pegs on which to hang policy.

* * *

Favorable Events Discounted

Recent developments on the war front, favorable to the British Empire, have not been reflected to any great extent in stock prices. The obvious inferences to be drawn are that the speculative element is not an active force on the market these days, and that the short-term rises offer less opportunity for a profitable rise than in peace.

Dullness and caution further point to the prevalent discounting of events of short-term significance. The threatened spring outburst and the seriousness of Britain's shipping situation provide depressing food for thought. In short, the vast majority of investors are concerned with preservation of capital and not appreciation.

Since mid-November stock prices have drifted irregularly lower. Latterly a mild betterment has been noted in activity.

* * *

Revived Trading Hope

Hope that stock exchanges will return to more normal operations with clarification of the tax situation and improvement in the war itself is held out by Raymond Allan, chairman of the Montreal Stock Exchange. Mr. Allan sees in such a development and a more active and liquid market an aid to the Government in implementing its war finance programme.

Few businesses have been as severely hit as the stock exchanges by war. Yet they have been functioning normally in contrast with the serious repercussions that resulted in 1914-18. This time it was not found necessary to close exchanges, nor were price pegs employed. Restrictions imposed by the Government were non-existent last war, Mr. Allan states in a review of the stock exchange and war.

* * *

Confidence in Exchanges

Trading volume has dwindled to a small proportion of peacetime activity. Heavy taxation on corporation and personal incomes, large war loans, elimination of British and United States clients have cut a large volume of transactions.

Despite handicaps exchanges have continued to operate efficiently, chiefly because of increased public confidence and improved facilities, Mr. Allan states.

The Montreal Stock Exchange has had its crises this war, Mr. Allan declares, but they have been overcome, mainly because of rules and regulations which it has built up over a period of years.

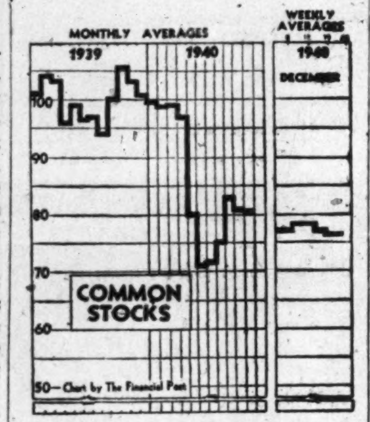
The first crisis was surmounted by the excellent technical position of the market and the checks which the Exchange kept on relationship of its members and clients. Reports were required monthly on collateral borrowings; permanent and surprise audits were made by the Exchange's consulting auditor and margin regulations were imposed.

* * *

Free Market Held Best

With the unfavorable tide in the Battle of Flanders selling on the Exchange reached heavy proportions. Notwithstanding the body avoided a price peg in the opinion that a free market would serve public interest best, according to Mr. Allan, a temporary ban on short selling was imposed.

The market has been thin as a result of the many factors bearing upon the Exchange's activities. It is doubtful if a market where liquidity has been so impaired is in the best interests of the nation at this time, Mr. Allan declares.



Stabilize Profits Of Dom. Stores

Improvement in Average Sales Per Store, President Says

Greatly improved average sales per store have been attained in 1939 and 1940 by Dominion Stores Ltd., J. W. Horsey, president reports in the company's monthly house publication. Mr. Horsey came to the presidency in Nov., 1938, following a five-year period of unsatisfactory earnings.

Two other outstanding accomplishments of the 1939-40 period are reported. These include the establishment of better control of expense and the stabilizing of gross profit at a reasonable level.

Looking to 1941, the president announces the launching of a campaign to improve personnel. Educational plans have been designed to increase the efficiency of employees, to follow the programme of modernizing stores by painting, better layout and construction of better stores at better locations.

Imperial Tobacco Co. Cigarette Sales Gain

From Our Own Correspondent

MONTREAL.—Further expansion in cigarette sales and revenues of Imperial Tobacco Co., which handles about 70% of the tobacco business in Canada, is indicated in the November figures on cigarettes released for consumption. During the month 689 million cigarettes were released, compared with 747 millions in October and 633 millions in Nov., 1939.

Prospects are that cigarettes released for consumption in Canada for 1940 will establish a new all-time record. To the end of November just under 7 billion cigarettes were released, an increase of around 375 millions over the like period for 1939.

Borden Reports Drop In 1940 Earnings

A decline in earnings is reported for the Borden Co. in 1940. Theodore G. Montague, president, estimates profits, after taxes, equal to about $1.70 per share, compared with $1.81 in 1939. Final figures must await the completion of the year and also the audit.

Effects of the European war and the domestic armament programme have not helped earnings, according to Mr. Montague.

Dufferin Paving Pays January Interest

Interest on the Series "A" 5% debentures of Dufferin Paving & Crushed Stone Ltd. has been declared and will be paid on the due date, Jan. 2, 1941. The company has outstanding debentures of this issue of a par value of $1.1 million, which were issued to the former preferred and minority common stockholders of the company under the reorganization effected in 1935.

APPOINTED

Frederick J. Flanagan, who has been appointed manager for Canada of the Alliance Assurance Co. of London, Eng. and its subsidiary, the Westminster Fire Office. He succeeds the late E. E. Kenyon.

Calgary Power Starts Project

Plan to Let Contracts This Month on Lake Minnewanka Plant

From Our Own Correspondent

MONTREAL.—Calgary Power Co. plans to let immediately contracts for the Lake Minnewanka dam and power plant project, which is scheduled for completion in the fall of this year.

The Lake Minnewanka development will create 23,000 additional horsepower, increasing the company's hydro power development on the Bow River to 92,000 h.p. This will assure ample power for the ammonia plant now under construction near Calgary and other war industries which may be established in the area.

The new dam on Lake Minnewanka, which is in the National Park area, will be from 50 to 60 ft. high and about 1,500 ft. in length.

Saddlery Co. Volume Up

Great West Saddlery Net Profit Uncertain, However, Due to Taxes

Moderate increase in sales of the Great West Saddlery Co. is reported by officials for fiscal year ended Dec. 31, 1940, compared with the 12 months of 1939. Volume for 1940 was better than for some years.

Net result for the year is not yet clear, due to confusion about taxes. Net profit was $48,437 or $61,248 before taxes. The Financial Post estimates the company's base figure for computation of "excess" profits taxes as about $35,000. About 84½% of earnings above this figure and 30% of earnings below this go to Government taxes.

Newfoundl'd Considers Register of Man Power

Newfoundland's Commission of Government is considering compilation of a national register. It has been decided that under existing circumstances the Government will not commit itself to unnecessary expenditure in this connection, but the matter of making a survey of the Island's man power will be kept in mind and the decision reviewed from time to time as circumstances warrant. The Government has announced that it does not intend to institute compulsory service for the purpose of sending troops overseas. It hopes that recruitment can be maintained on a voluntary basis.

Cub Aircraft Arranges New Financing Deal

Cub Aircraft Corp. has advised the Toronto Stock Exchange that the balance of the option held by Sheldrake Securities Corp. has been cancelled.

Under a new agreement, dated Dec. 2, 1940, the same firm has underwritten 10,000 shares at 90c. per share, payable immediately, and obtained an option on an additional 90,000 shares at 90c. a share, terminable on 60 days' notice from the company.

The company's new plant has been completed and is now in operation with a satisfactory result. It is understood that activity continues to be good in all branches of the company's business.

Seek Extensive Revision Of Excess Profits Tax Act

In an extensive brief to the Minister of Finance the Canadian Manufacturers' Association asks that changes be made in the present Excess Profits Tax to remove inequities existing in the Act.

Main revisions sought by the association are:

The standard period provided in the Act altered to use the British principle and give taxpayers a limited choice of years on which to calculate standard profits. This would replace the present fixed period of company years ended in 1936, 1937, 1938 and 1939 inclusive.

Make the basic return to be allowed on invested capital, on appeal to the Board of Referees, 8% in place of the present range of 5% to 10%.

Have regional boards appointed to assist the Board of Referees and would have the board publish its decisions. Interpretations of the Minister would also be published as a guide for taxpayers.

Have certain alterations made in the provision for inventory reserves and definition of invested capital.

Seek to Remove Inequities

Any tax that imposes a levy on an increase of profits as between one period and another must have some mischievous effects, the Canadian Manufacturers' Association points out. The brief emphasizes that members of this association are not opposed to paying taxes, and increased taxes, during wartime, but that they want these taxes to bear equally on all.

"Enduring prosperity," the brief reads, "is immune from its incidence, while progress may be penalized, whether it is due to efficiency, to natural development, or to recovery from depression, commendable efforts suffering equally with fortuitous prosperity or profiteering."

Enterprise Stifled

The brief goes on to state that such levies (as the Excess Profits Tax) must "stifle enterprise and encourage waste, and in the absence of special provisions those industries which are most vital in time of war may be dealt a blow from which they cannot recover."

Taxation on the scale which the present situation demands magnifies tremendously all structural defects. This in turn imposes on those responsible for devising means of raising the necessary government revenue necessity for taking greatest care "in imposing a heavy burden of taxation upon Canadian industry, accelerated as it is by national emergency in lieu of normally returning prosperity; for such acceleration through prudence and prevision on the part of the taxpayer might be retarded to the point where diminishing returns result."

Of first importance in imposing an excess profits tax, it is argued, "is the fixing of a fair standard by reference to which the excess is to be measured throughout the life of the tax." Grave disadvantages may be suffered by certain businesses if a rigid standard period is adopted that may not reflect normal earning capacity. Examples are:

1. A business suffering from depression in the standard years.
2. Business recently established.
3. Business subject to prolonged development before full production is attained.

Give Choice of Period

"This inequity," the C. M. A. holds, in referring to "standard year's profit," "should be relieved by adopting the British practice of giving the taxpayer some choice in the matter of standard profits. The choice should rest between a standard based upon a percentage of the average capital he employed and his earnings over certain optional representative periods of time. In any event the representative periods of time should be the same for all taxpayers, as no taxpayer should be placed in a different position merely because by accident his fiscal year ends on a different date."

Specifically the association's brief recommends that the base period to be used in determining standard profits should be defined as follows:

1. If the taxpayer was in business on or prior to Jan. 1, 1937, the standard period should be one of the following:
   (a) Calendar year 1937, or
   (b) Calendar year 1938, or
   (c) Calendar years 1937 and 1939, or
   (d) Calendar years 1938 and 1939.
2. If the taxpayer commenced business after Jan. 1, 1937, and on or prior to Jan. 1, 1938, the standard period at the option of the taxpayer should be one of the following:
   (a) Calendar year 1938, or
   (b) Calendar years 1938 and 1939.
3. If the business of the taxpayer commenced after Jan. 1, 1938, and on or before July 1, 1938, the standard period should be such 12 consecutive months ended not later than June, 1939, as the taxpayer may select.

To assure that the calendar year only shall be used as a base period it is provided, that, for those companies whose fiscal period does not coincide with either the calendar year or 12-month period mentioned in (3) above, then the profits or losses of the appropriate fiscal periods shall be apportioned on a daily basis so as to arrive at the profits or losses of the calendar year or 12-month period.

Invested Capital Provisions

Coming to the question of invested capital, the C. M. A. feels that provision should be made for altering standard profits in accordance with changes in capital employed. They maintain that "automatic adjustment of the standard profits in accordance with variations in capital employed is the fairest and most practical method of removing this inequity."

Moreover, this organization finds, "profits of an established company are earned not merely by the ordinary share capital but by this capital supplemented by undistributed profits which have been plowed back into the business. Unequal treatment must arise between different taxpayers if their standards are made to depend upon such irrelevant factors as whether reserves are capitalized or not, whether bonus shares are issued or what proportion fixed-interest shares bear to the equity."

Give Choice of Methods

To remove these inequities the C. M. A. makes a specific proposal that standard profits, at the option of the taxpayer, should be one of the following:

1. The profits derived by the taxpayer in the standard period selected by him from carrying on the same general class of business as the business producing the profits of the year of taxation.

Or (2), at the option of the taxpayer 8% of the average capital employed by the taxpayer in his trade or business during the standard period.

Or (3), the standard profits as determined by the Board of Referees.

Provided that standard profits of every taxpayer determined in accordance with this subsection shall be increased by 8% of any increase in the capital of the taxpayer over the capital of the taxpayer in the standard period and decreased by 6% of any decrease in the said capital below the capital in the standard period. For purposes of this section, increases or decreases in capital are deemed to include changes in accumulated surplus.

Inventory Reserves For All

The matter of post-war conditions is studied by the C. M. A. and certain recommendations in its brief result. "Prudence demands the setting aside of a considerable part of profits as a provision to meet losses in value of buildings, equipment, stock-in-trade, and payment and compensation to redundant staff that will inevitably follow. In any event relief for part of these losses is possible by the establishment of a reserve against depreciation in inventory values."

To implement this idea the brief suggests that the following clause be substituted for existing provisions in the Excess Profits Tax Act:

New Inventory Provisions

That all taxpayers shall be entitled in respect of any taxation period to deduct from profits for income as well as excess profits tax a reasonable provision as a reserve against future depreciation in inventory values of stock-in-trade. Such provision shall be deemed to be reasonable if not in excess of a reserve calculated on any one of the following three bases:

1. The difference between the inventory value at the end of the fiscal period and the value of such inventory at prices in effect Sept. 1, 1939, or

2. Rather than calculating (1) above on all items in the inventory at the end of the fiscal period, it may be done on the principal items thereof (which principal items amount to at least 75% in value of the inventory) and then applying the percent of depreciation shown by this calculation against the total value of the inventory, or

(3) The percentage of inventory values at the end of the fiscal period of the taxpayer that the "Wholesale Prices Indexes, Totals," as published by the Dominion Bureau of Statistics, for the last month but one prior to the close of the taxpayer's fiscal period exceed such indexes for August, 1939.

The association further suggests that taxpayers be allowed to deduct from taxable income any loss to the taxpayer arising from damage or destruction through enemy action to the extent to which the taxpayer is not compensated out of public funds or in any other manner.

Says Sirois Programme Would Smooth Waters

The Rowell-Sirois report holds promise of clearing away financial difficulties of the provinces and the local authorities and lessening regional conflict and political disunity, in opinion of Dr. H. M. Cassidy, formerly Director of Social Services for the British Columbia Government and now attached to the staff of the University of California.

Dr. Cassidy has prepared a 25,000 word analysis of the Report under the heading, "The Social Services in a Federal System." The article appears in the current issue of Social Service Review, published at Chicago.

Points the Way

Dr. Cassidy sees the Report as a "great enterprise in political stocktaking" and suggests that "it points the way to a revised federal system that will fit the stubborn socio-economic facts of the present Canadian scheme." He makes a careful diagnosis of the Commission's findings, especially in respect of social services which "through their effects on public finance played a major part in the creation of the constitutional crisis which the Commission was charged to investigate." Dr. Cassidy believes that the Commission's proposals regarding the social services and public finance are acceptable with some reservations.

Chief disadvantages, which he believes the Commission does not appear to have recognized sufficiently, lie (a) in administrative difficulties and (b) in the danger of slow and uneven development of the provincial and local social services. He believes the Commission made a "political" decision in eliminating the system of federal grants-in-aid which he discusses at some length as "having never been given a fair chance" in Canada.

He says:

"These disadvantages weaken but do not destroy the Commission's case. On balance, it seems that the solution which is proposed has a great deal to commend it. In view of the peculiar problem of Quebec, which the Commission has had to bear constantly in mind, it is particularly justified. It is perhaps the only kind of solution that is possible in Canada."

Suggests Modification

Dr. Cassidy believes that the Commission's proposal regarding the social services would, with slight modification, largely escape the major difficulties which he senses lie ahead. He believes the Commission should not have gone as far as it did in suggesting that the Dominion accept full responsibility for the care of employable persons.

Serious administrative difficulties will develop, he believes, in organizing and operating separate relief services for "employables" and for "unemployables." By assuming full responsibility for the relief of employables, as recommended by the Commission, the Dominion would be involved in the establishment of a public assistance service that will overlap the poor relief and aid services to be operated by the provinces and the local authorities.

This duplication of administrative machinery promises to be particularly noticeable and annoying in the thinly populated parts of the country, where "case loads" will be low and administrative costs are bound to be high.

Humberstone Shoe Sales Higher

Moderate increase in sales of the Humberstone Shoe Co. is reported for the first five months of the current fiscal year, compared with the same period of 1939. Fiscal year ends July 31, 1941. Orders on hand at present are ahead of the same time a year ago, with prospects regarded favorably in view of better general conditions in Canada.

Due to increased taxes, it is not clear whether net profit for the five months was ahead of the like 1939 period. Net in year ended July 31, 1940, was $22,323, a substantial increase from the previous 12 months.

Approve Work Of Department

Ontario Municipalities Favor Continuing Municipal Affairs Branch

Twenty-three out of 24 municipalities queried by the Ontario Property Owners' Association favor the continuance of the Dept. of Municipal Affairs.

The association telegraphed the heads of 35 municipalities, finances of which have been directed in recent years by the department. Only one of the 24 replies was in favor of curtailing the department's activities.

The survey was made in the light of reports that Premier Hepburn plans to curtail the department's activities, in view of the fact he is reported to have been told that officials of the municipal department had "badgered" the municipalities. Another reason heard is the discontinuance is planned as a wartime economy measure.

Municipal Finances

Vancouver is permitted to pass sinking fund payments for another year as a result of an act passed by the B. C. Legislature. The city has received this permission every year since 1935.

* * *

Edmonton would receive substantial benefit from adoption of the Rowell-Sirois report. D. M. Duggan, M.L.A., estimates it would make possible an annual saving of 10 to 15 mills in the city's tax rate. Recommendations affecting the city suggest the Dominion and province should assume obligations which now cost the city $644,877 annually.

* * *

Peterborough, Ont., reports gross debenture debt cut $491,019 during 1940, figure of $3.1 millions being $1.6 million below the 1934 figure. No general debentures have been issued since 1933. Sinking funds on hand of $1.7 million leave a total net debt of $1.6 million and this figure has been slashed $1.3 million during the past six years.

* * *

St. Catharines, Ont., claims its net per capita debt figure of $34.76 as the lowest in Ontario. This compares with latest comparative figures of $39.42 for Chatham; $94.06 for Kitchener; $112.80 for Brantford; $149.64 for Hamilton and $179.97 for Toronto. The city reports a current surplus of $58,030 after setting up a reserve fund of $25,000, being the highest on record. Tax rate has been reduced seven mills during the past two years. Net debenture debt of $995,025 is the lowest in 30 years while gross debt has been cut 61.83% in the past 17 years.

* * *

Montreal's assessed value of taxable property has increased approximately $3.4 millions this year, according to the assessors' department. At March 1, 1940, assessed value totalled $922 millions. It now stands at $925.3 millions.

Dominion Bridge Director

From Our Own Correspondent

MONTREAL.—E. F. Haffner, of Winnipeg, has been elected to the board of directors of Dominion Bridge Co.

Storage Increased By United Grain

Construction of 275 temporary annexes to increase the storage capacity of United Grain Growers Ltd. is outlined in the annual report by R. S. Law, president and general manager. Total of 250 has been built since the close of the fiscal year on July 31, last, most of which are in service. The other 25 were erected during the 1939-40 fiscal year.

Improvement and enlargement of the company's elevator system cost $1 million during the past five years, Mr. Law adds. The expense was all met from earnings. Modernization included the installation of larger scales, more powerful dumping mechanism, improvement in general machinery and widening of driveways.

Contributing to the company's higher earnings in the fiscal year ended July 31, last, was the substantial increase in profits shown by United Grain Growers Securities Co., a subsidiary. Two other subsidiaries, the Country Guide Ltd. and the Public Press Ltd., also reported earnings increases. Operation of the farm supplies department resulted in better net returns, although these represent a very small percentage of the total volume of sales. This department distributes binder twine, coal, flour, feed, salt, wire, mineral feeds, oils and greases.

Montreal Forms New Executive

Bankrupt Municipality's 99-man Council Holds First Meeting

From Our Own Correspondent

MONTREAL.—With the installation of six executive committee members, a council leader and acting mayor at the first meeting of Montreal's new 99-man council, the city now has in its entirety the organization that will attempt to rehabilitate its bankrupt finances.

The city, under supervision of the Quebec Municipal Commission since it went into default on principal of its debenture debt early in the summer, has the largest council of any North American municipality.

The city's administrative personnel is as follows:

MAYOR—Adhemar Raymault.
ACTING MAYOR—Clinton Henderson.
CHAIRMAN OF THE EXECUTIVE COMMITTEE—Joseph O. Asselin.
ACTING CHAIRMAN OF THE EXECUTIVE COMMITTEE — George C. Marler.
COUNCIL LEADER—Alcide E. Goyette.
COMMITTEE MEMBERS—Aime Parent, Richard F. Quinn, Alfred Filion and George Guevremont.
33 COUNCILLORS—Elected by property owners.
33 COUNCILLORS—Elected by voters at large.
33 COUNCILLORS — Representing local public bodies.

The 99-man council will meet four times a year by statute, but special meetings can be called. At present the personnel of the council is 98, one member short of the required number. There are three women councillors.

The executive committee will steer the larger organization and will meet more frequently.

BANK BRANCHES CLOSED

The Canadian Bank of Commerce is closing the following branches:

Bridge, Ont., and Innerkip, Ont., both sub-agencies to Plattsville, Ont.

Edam, Sask.

Closing of the three offices is with effect from Dec. 31.

VILLAGE OF KEMPTVILLE

County of Grenville

By-Law No. 538 — $7,000 — 3½% 10-instalment bonds, due 1941 to 1950, dated December 31st, 1940.

Tenders to be in the office of the Clerk by January 11th, 1941.

R. J. PATTERSON, Clerk.

FEATURES

in the January issue

THE CANADIAN CHARTERED ACCOUNTANT

Aircraft production costs
Recommendations of Sirois Commission
Cost accounting on war contracts
Dominion Natural Gas Co. case
War exchange conservation
Centralized direction of war effort needed

Published monthly. $3.00 per annum. Subscription open to all. A. H. Carr, Editor, 10 Adelaide Street East, Toronto.

Latest development in paper manufacture

"Sampson White Envelope"

has a bond finish; is carried in two weights; is brilliant white; is opaque, and has the unusual qualification of having the strength of a rag content bond three times the price.

Toronto Envelope Co. LIMITED
366 Adelaide St. W., Toronto

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940:												
Monthly Figures:												
Jan.	134.3	24.5	68.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	153.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	83.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	143.8	114.2	102.3	47.1	70.0	35.5	72.5
Aug.	98.5	15.3	68.4	104.4	76.9	150.1	120.3	107.8	48.6	72.1	37.1	76.0
Sept.	107.0	16.5	81.0	120.9	81.9	163.1	124.9	121.0	51.3	76.0	39.3	83.2
Oct.	106.1	16.1	79.3	112.0	81.5	162.9	124.8	123.6	51.1	75.2	38.8	81.4
Nov.	107.6	16.6	69.1	108.6	82.0	161.7	132.7	126.9	50.6	75.9	39.4	81.7
Weekly Figures:												
Dec. 5	101.9	15.4	66.6	99.6	79.9	159.5	129.4	122.3	49.7	76.3	38.4	77.7
Dec. 12	100.2	15.5	63.8	97.1	78.7	160.6	133.2	122.1	49.9	76.8	38.4	77.2
Dec. 19	99.3	15.4	63.5	96.1	78.8	160.3	134.2	122.4	49.8	77.8	38.4	77.0
Dec. 26	98.2	15.2	64.0	95.0	78.8	161.1	135.0	127.0	50.2	77.9	38.3	76.3

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Dec. 30	100.79	108.32	67.72	21.03
Dec. 28	101.15	108.85	67.54	20.96
Dec. 27	101.31	108.86	67.32	20.93
Dec. 26	100.68	108.33	66.76	20.92
Dec. 24	100.36	108.30	67.07	21.03
Month ago	101.27	105.96	68.12	21.82
Year ago	127.12	121.30	87.50	30.87
High 1940	128.84	123.80	88.97	33.31

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Dec. 30	54.9	65.3	61.8	81.25	79.20
Dec. 28	54.9	66.0	62.3	81.22	78.92
Dec. 27	54.9	66.1	62.3	81.08	79.05
Dec. 26	55.0	65.8	62.2	80.16	79.05
Dec. 24	55.5	65.7	62.3	80.72	79.22
Month ago	55.4	67.7	63.6	85.31	77.42
Year ago	68.9	90.9	83.5	147.80	100.35
High 1940	69.2	92.2	84.4	152.63	100.81

Company Reports

Nat. Sewer Pipe

A smaller loss is reported by National Sewer Pipe Co. in year ended Oct. 31, 1940, compared with the previous 12 months. Improvement is reported, also, in working capital. Cash, call loans receivable and inventories are lower, but this is more than offset by an increase in investments and accounts receivable and a decline in accounts payable.

Income and Deficit Account
Years Ended Oct. 31

	1940 $	1939 $
Net loss on oper.	13,480	39,035
Less: Other revenue	11,522	10,009
Net loss	1,958	29,026
Add: Prev. deficit	190,283	161,257
Deficit forward	192,241	190,283
Working Capital		
Current assets	912,150	853,497
Current liabilities	28,444	37,150
Working capital	883,706	816,347

Maple Leaf Gardens

Maple Leaf Gardens Ltd., Toronto, reports slightly less operating income in year ended Oct. 31, 1940, compared with the previous 12 months. Increase in taxes by almost three times the 1938-39 figure of $24,206 resulted in net profit dropping about 25%.

The increase in provision for income taxes is more than offset by a decline in accounts payable and an increase in cash and Dominion of Canada bonds, the net result showing substantial improvement in working capital.

During the year the mortgage, which originally amounted to $750,000 was reduced by $75,000 and the balance outstanding at Oct. 31, 1940, stood at $250,000.

Income and Surplus Account
Years Ended Oct. 31

	1940 $	1939 $
Operating income	226,912	232,070
Add: Profit from players	4,612	*17,050
Profit on bonds	......	360
Less: Mtge. int.	17,437	23,106
Income tax	68,500	24,206
Depreciation	57,292	58,939
W/o prelim. exps.	8,921	9,031
W/o franch., contrs.	18,908	18,908
Net profit	60,466	81,190
Less: Pref. divds.	55,453	55,453
Surplus for year	5,013	25,737
Add: Prev. surplus	162,141	136,404
Less: Inc. tax adj.	5,963	......
Surplus forward	161,192	162,141
*Loss.		
Earned per Share:*		
Preferred	$0.76	$1.02
Paid	0.70	0.70
Common	0.14	0.70
No dividends paid.		
*Without allowing for preference participation feature.		
Working Capital		
Current assets	146,691	85,130
Current liabilities	109,974	81,218

Fairbanks-Morse Co. Retires Preferred

From Our Own Correspondent

MONTREAL. — Canadian Fairbanks-Morse Co. has advised the Montreal Stock Exchange it has been granted supplementary letters patent, reducing preferred capital from $1,167,800 to $1,126,200 by cancellation of 416 preferred shares.

TRADERS FINANCE CORPN. LTD.

A large part of this Company's revenue results from the financing of Ford automobile sales. This business, we understand, shows a good increase over 1939.

The 6% "A" Preferred issue is callable at $110 and earned $12.28 per share last year, while the dividend of $1.00 on the Income Funding Rights was covered over nineteen times.

We recommend the purchase of these issues at current levels to yield approximately 6%.

Analysis on request

PLAXTON, CHERRY & Co.
330 Bay St. TORONTO AD. 5801-6

The President and Board of Directors of the

FIDELITY TRUSTS COMPANY OF ONTARIO

announce that the Company has merged its business with that of

Guaranty Trust Company of Canada

and the business will be hereafter carried on under the name of

Guaranty Trust Company of Canada

TORONTO WINDSOR NIAGARA FALLS

Bond Markets

Investors Gloomy on Eve of Sirois Conference

Required Leadership Seen Lacking — Ontario Hydro Best Prospect for Seeking New Money Soon — Province Also Will Need Financing

With increasing interest, investors wait for the coming conference on the Sirois report. Optimism stimulated by reports from Ottawa to the effect that no free-for-all can be looked for is tempered by other information from the same source that this can probably be prevented only by Dominion authorities maintaining a discreet aloofness. What is required instead, to over-ride all obstacles, observers declare, is aggressive and inspirational leadership.

The nearest new financing probably in sight will be for the Ontario Hydro, which has bills to pay for a number of capital projects. On top of that is a $15 millions maturity to be looked after on March 2—together with $3.2 millions in June. Any new Hydro issues may be offered without the customary provincial guarantee, it is heard.

Ontario apparently will need money that was not figured on a few months ago, due to the launching of new highway projects. Latest announcement is the plan to complete the Trans-Canada Highway from Hearst to Geraldton at a cost of $6 millions.

* * *

Prices to Hold

Little room for a further rise in high-grade bond prices is seen by Greenshields & Co., in its current investment letter. The company feels that, with continued heavy Government borrowing in prospect, Governments everywhere will exert all influences toward keeping the cost of borrowing down.

The letter is in agreement with Colonel Ayers of the Cleveland Trust Co., who predicts a peak for bond prices in 1941 followed by a gradual decline. "The discrepancy between bond and stock yields," it is added, "is such that some closing of the gap by a rise in common stock prices—based on the reasonably good yields now available—would seem to be a logical expectation."

* * *

Compulsory War Savings

Launching of a compulsory war savings campaign in New Zealand may indicate the shape of things to come in Canada.

The prospectus of a recent New Zealand war loan stated that individuals and companies are expected to subscribe at least to the extent of their income tax payable last February, decreased by £50 for individuals and £70 for companies. No interest will be paid for three years, but thereafter the loan will bear interest of 2½% for ten years.

The Investors' Chronicle of London hails the scheme as one which "approaches the problem of financing the war without inflation on sensible lines," and hints that Britain would do well to follow the lead given by the junior Dominion.

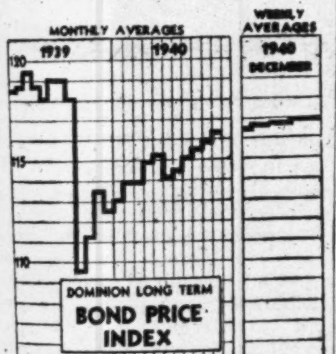
* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 117 for the week ended Dec. 26 was up 0.1 point from the previous week. It was 4.5 points higher than in the same week of last year, and up 0.5 point from the corresponding week of last month.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Dec. 20-26	Preceding week Dec. 13-19	Weekly average year ago
Price	117.0	116.9	112.5
Yield	69.5	69.7	75.2



Bond Sales

Lethbridge, Alta.

Bids have been received and tenders closed on an issue of $36,-753 city of Lethbridge, Alta., 4½% serial debentures, dated Jan. 1, 1941, and maturing in 1942-61. Final approval awaits a meeting of city council on January 3.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Drilling Cont	5½%	1943	Jan. 15	100
Stand. Lime	6%	1944	Feb. 1	102
Stock Issues:				
Guelph Carpet	6½%	Pref.	Jan. 10	†105

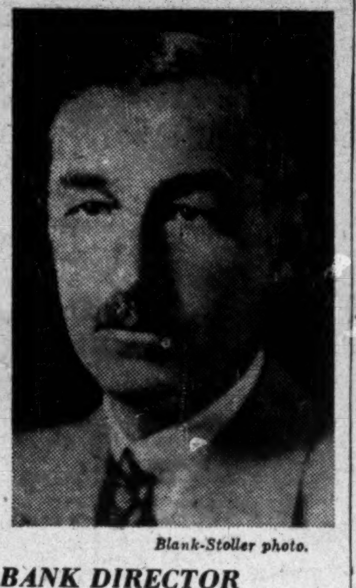
†Plus accrued dividend.

A Home that Savings Built

Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build; and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.

CANADA PERMANENT Mortgage Corporation

Head Office, 320 Bay St., Toronto



Blank-Stoller photo.

BANK DIRECTOR

A. J. Major, of Ottawa, has been elected a director of the Banque Canadienne Nationale to succeed the late Hon. J. M. Wilson. Mr. Major is a director of National Grocers Co. and the Capital Trust Corp.

Finality Feared Lacking In Wage Ceiling Policy

From Our Own Correspondent

OTTAWA.—The labor order-in-council that presumably fixed a ceiling for wages in war industry, and in all employment under the Industrial Disputes Act, has had a mixed reception at Ottawa.

When closely studied, this order fails to live up to advance notices. The ceiling it was presumed to fix is not likely to resist the first serious upward pressure.

It is now apparent that the Government, which has been extremely chary of interfering with labor ever since the outbreak of war, has shirked the task of controlling wages in wartime. It has been content to express opinions in the form of advice to boards of conciliation.

Single Tooth

At some point in the long and acrimonious passage of the labor order past the various boards and committees, perhaps in the Cabinet itself, all the teeth except one were pulled out of the policy. This lone tooth, the more conspicuous because of its splendid isolation, reads:

"His Excellency-in-Council, in virtue of the War Measures Act is pleased to order and it is hereby ordered that all agreements negotiated during the war period shall conform to the principle enunciated herein . . ."

The principles enunciated are:

There are to be no governmental arbitrary decrees determining wages or conditions of labor.

Conciliation must precede strikes in war industry and conciliation boards will act upon well defined principles.

Wages shall be maintained on the 1926-29 level, with exceptions where the 1926-29 yardstick is unfair or unsuitable. Above this level, wages should not advance faster than 5% a year.

If the cost of living rises, workers shall be compensated by bonuses calculated every three months. No bonus shall be paid unless the increase in the cost of living is 5% or more.

Labor Free to Act

Nothing in this order prevents strikes for higher pay, such as have already accurred after conciliation boards have made their report. The Government has given advice to labor but labor is not bound to accept it. Labor retains complete freedom of action.

No specific provision is made to cut down overtime rates of pay or to increase the weekly hours of work, although the war demands make such action highly desirable. The Government leaves this knotty problem to be negotiated between employees and employers.

The cost item is the major consideration here and on Government work, as previous experience demonstrates, the normal conflict between employer and employees is lacking. The Government pays and the employer is assured a fair profit regardless. This is particularly true of cost plus or target price contracts.

Chief importance of the order, it is argued at Ottawa, is that it does set out plainly the Government's viewpoint as to what wages should be. It is generally thought that later on as peak employment is reached another order fixing a real ceiling to wages will be passed.

Effect on Railways

Meantime, an aspect of the order which has largely escaped public attention is that it applies to all employment which comes under the Industrial Disputes Act. This includes all war industry plus companies like the railway companies that are within federal jurisdiction. Extension of the 1926-29 wage level to the railways would mean an increase in pay cheques to the employees of the Canadian Pacific Railway and the C. N. R. of $3 millions per year.

The Government knew this at the time the order was passed but it was thought impossible and impolitic to discriminate between various kinds of work.

In its immediate effect, therefore, the order does not cut down wages but greatly increases them. And as no ban is put on demands for wage increases, it remains to be seen how effective this order will be in maintaining wages on the 1926-29 level.

Board Plan Shelved

The original plan was to set up a board of three men at Ottawa with power actually to control wages, then to proclaim the 1926-29 ceiling policy and instruct this board to enforce it.

Labor and possibly some employers strongly opposed such a board and, indeed, any arbitrary fixing of wages by the Government. Ottawa yielded, relying entirely upon voluntary action to maintain the ceiling policy. Should this fail, direct action along the line of a board would be strongly indicated.

Outlook Grows Darker

(Continued from page 1)

tion of what policy will be pursued toward the report. Premier Hepburn so far has stuck to his stated decision of some time ago to reserve any outline of Ontario's position until the Ottawa conference.

As far as can be judged from his brief public declarations on the subject, Mr. Hepburn and his delegation will proceed to the conference with an open mind, ready to consider any proposition that may be made.

There appears little likelihood that this official silence, and the lack of any reliable unofficial hints, will be broken before the conference assembles. In the meantime, however, persistent newspaper reports suggest that Mr. Hepburn's opposition to holus-bolus adoption of the report in wartime has been modified only in part, if at all. It is said that he is less adamant in his stand, and would be ready to make concessions on certain phases of the report if Ontario objections were conceded on some points and the province's rights protected.

In some quarters it is suggested that Mr. Hepburn would oppose any diversion of official energy to implement portions of the report that would not be of some aid toward prosecution of the war effort.

West Supports Report

The provinces of Manitoba and Saskatchewan are solid in support of the report. Indeed Premier John Bracken will assume, among the provinces, the leadership in the drive for adoption.

Premier Aberhart, on the other hand, has plainly slipped across the dividing line and become an opponent of the report. Nor is Premier Pattullo of British Columbia in much better standing at Ottawa.

All this adds up to a prospect which is very bleak indeed for action on the report at this conference. If the King Government presses the issue, there will be open revolt and the revolt may well involve cabinet representation from Ontario and certainly federal members from that province.

Avoid Open Conflict

Therefore the King Government may be expected to avoid open conflict. The original policy, outlined many weeks ago, will be followed. No pressure will be applied. If the provinces are not prepared to adopt the report—in whole or in part—the conference will be adjourned. But Mr. King will make it clear, at the outset, that the Dominion is for the report and stands ready to implement it whenever the provinces say so.

The plan of the conference calls for one open session at which Mr King and the provincial premiers will state their positions. Thereafter, the conference will continue in camera and, if possible, by sub-committees on various aspects of the report. While no publicity will attend the camera proceedings, a full shorthand report will be taken for future reference and guidance.

Weekly Bank Clearings

Dec. 26, 1940

	1939 $	1940 $
Halifax	2,673,120	2,613,085
Saint John	1,709,861	1,698,613
Moncton	760,942	814,015
Sherbrooke	629,805	594,544
Quebec	4,141,120	3,747,359
Montreal	73,443,274	89,159,324
Ottawa	14,483,786	19,056,430
Kingston	472,088	496,140
Peterborough	531,984	670,345
Toronto	96,276,392	96,995,276
Hamilton	5,409,005	5,604,699
Kitchener	974,864	963,641
Brantford	807,825	750,049
London	2,238,403	2,761,970
Sarnia	388,601	444,776
Sudbury	1,090,179	765,813
Fort William	615,183	719,352
Winnipeg	43,435,311	33,495,231
Brandon	249,362	277,319
Regina	3,306,565	3,400,713
Moose Jaw	342,174	476,139
Saskatoon	1,087,940	1,033,640
Edmonton	3,299,000	3,327,851
Calgary	[illegible]	5,343,424
Lethbridge	[illegible]	451,728
Medicine Hat	175,163	[illegible]

Sirois Report and the Provinces

Alberta Would Reap Benefit

Carrying Out of Report Would Restore Shattered Credit

Largest single benefit that would accrue to Alberta in implementation of the Rowell-Sirois recommendations is restoration of the province's credit, shattered by an arbitrary reduction of interest rates on its securities. This factor, combined with removal of a rigid and vulnerable debt structure, would solve many of the province's problems.

Inflow of capital is now stemmed by the province's credit position. Before the flow can be restarted, it will be necessary first to re-establish investor confidence in the province. Subsequent development of the province's rich natural resources should be reflected in increased income and higher level of government services.

Default National Issue

Default of the province is a national issue, as it reflects upon the credit of other Canadian governments. In this regard the Sirois report states:

"Whether default was necessary or not at the time it occurred is of less importance at the moment than the fact it now exists. To escape from the impasse which it has produced requires more than a technical financial operation; it requires recognition of certain basic economic disabilities. The loss to investors, the prevention of desirable economic expansion through the lack of credit, and the damage done to the credit of other Canadian governments will only be compensated for if the lessons to be drawn from this experience are applied in practical form to prevent its recurrence."

The report shows that the immediate cash saving to the province effected by default, if any, was very small. Had debenture interest been paid in full, Dominion advances to Alberta for relief would have been increased by a corresponding amount. The Dominion Government, therefore, saved these advances which it made to the other western provinces.

In other words, the province financed its relief by a forced levy on debenture holders. The province gained nothing by the arbitrary reduction; the Dominion saved, but the province bore the stigma of default.

Would Reimburse Bondholders

Debenture holders would be reimbursed for their losses under the provisions of Plan 1. In addition to assuming debt of the province, the Dominion Government would pay all arrears of interest. The situation "which is both hampering Alberta's economic progress and producing arbitrary and inequitable losses to investors in Alberta securities" would thereby be cleared up.

The effect of Plan 1 on Alberta's finances can be summarized on the basis of 1937 operations as follows:

Alberta Would:

	GAIN
Debt assumed by Dom.	$6,959,000
Relief assumed by Dom.	1,540,000
Tax collection savings	165,000
Capital relief works	460,000
	$9,124,000

Alberta Would

	LOSE
Taxes trans. to Dom.	$3,739,000
Subsidies foregone	1,776,000
	5,515,000

Net Results Would Be

Gain	$9,124,000
Loss	5,515,000
Gain (assuming full interest paid)	3,609,000
Interest unpaid	3,400,000
Net Gain	209,000

Would Aid Budget

In addition local governments would benefit to the extent of $1,092,-000, using 1937 as a base year. Budgetary position of the province on the basis of 1936 to 1939 would be as follows:

Revenue	$13,100,000
Expenditure	10,900,000
Surplus *	2,200,000

* Available for expansion of education, welfare and developmental expenditures, directly or through municipal subsidies, and for reduction of taxation.

Inasmuch as the Commission finds that the recommendations would leave the province and municipalities in a comfortable position, no national adjustment grant is proposed. It would be possible by the transfers recommended to restore educational and welfare services to pre-depression levels, which were 10% above national average. Taxation could also be reduced.

Find Debt Onerous

The province's plea in reducing debt service was, of course, that the funded debt was too heavy to carry. Representatives of the debenture holders claimed the province could pay interest at contractual rates. Dr Jacob Viner, appointed by the Provincial Government, stated that the Government could pay interest on its funded debt some place between the present half-rate payment and contractual rate.

The Commission finds that provincial debt charges have been onerous.

Further increasing the load is the fact that about 80% of the debt is payable in other than Canadian currency.

In contrast to the province, municipal debt is low, well below the Canadian average.

Debt Increase Low

In general, savings from interest reduction has been used by the province to finance relief costs. Capital expenditure has been severely curtailed. Over-all increase in debt of province and municipalities during the depression years was the lowest in any province with the exception of Manitoba.

Revenue system of the province has several distinctive features. Real property taxation has survived. The Government experimented with a retail sales tax in 1936 and 1937. The growth of the oil industry has been chiefly responsible for the growth of public domain revenue.

All forms of revenue show an increase from 1929, with the exception of real property taxation. Total revenue rose one third from 1929 to 1937, although provincial income was 30% lower

Current Revenue Compared

Following is a comparison of per capita provincial and municipal revenue with all provinces:

Current Revenue 1937
Provincial and Municipal
$ per Capita

	Alta.	All Prov.
Real property taxes	22.35	22.60
Gas & vehicles	5.63	5.84
Public domain	2.17	1.90
Liquor control	3.33	2.68
Misc. tax, fees, etc.	8.03	6.85
	41.51	39.87
Sales taxes	0.77	0.57
Corporation taxes	2.74	3.06
Income taxes	0.85	1.24
Succession duties	1.70	3.22
Prov. mun. revenue	47.57	47.96
Dom. subsidies	2.28	1.91
Total revenue	49.85	49.87

Changes in Outlay Trend

Agricultural relief has been a heavy drain on the public purse, but it has not been on the same scale as in Saskatchewan.

Edmonton and Calgary have the problem of floating labor of the prairie provinces, with which to contend.

Both cities carried an excessive funded debt and were forced to undergo a reorganization in recent years.

Expenditure on highways, public domain and agriculture, says the report, have been influenced by the fact that Alberta represents the last agricultural frontier in the Dominion.

Per Capita Expenditure

Following is a per capita comparison of expenditure by the provinces and municipalities with the rest of the country:

Current Expenditure 1937
Provincial and Municipal
$ per Capita

	Alta.	All Prov.
Net debt charges	7.55	9.52
Public Welfare:		
Relief	3.76	5.45
Other	7.11	7.26
Education	12.14	9.78
Agr. & public dom.	1.14	1.86
Transportation	5.35	5.03
Govt. & Misc.	7.66	9.80
	44.71	48.70
Prov. income per capita $	312	345
*Outst. debt per capita $	284	291
*Curr. expend. to income %	14	14
*Outst. debt to income %	91	84

* Includes unpaid interest.

Opposed to "Financial Control"

Premier Aberhart in a recent interview left little doubt as to his stand on the Sirois Report. He professed to see in centralization of financial control in Ottawa a threat to convert provincial governments into little more than "glorified county councils."

In alarmist vein the Social Credit Premier termed implementation of the recommendations: "A step toward totalitarianism." Further elaborating on this theme, he declared:

"All centralization of power which removes administration of affairs farther away from the people immediately concerned is the opposite of democracy."

We announce the transfer of our business and accounts to

G. E. LESLIE & CO.

Members { MONTREAL STOCK EXCHANGE / MONTREAL CURB MARKET

in which the partners are Messrs. Guy E. Leslie and H. Joseph Ferguson who have been members of this firm for many years. The business will be transferred as at December 31st, 1940.

The undersigned will continue a general financial business under the direction of Mr. Stanley Johnston.

JOHNSTON AND WARD

THE ROYAL BANK BUILDING, MONTREAL

Dominion Treasury Bills

The December 30 issue of $35 millions Dominion Treasury Bills sold at a price of 99.83810 to yield 0.643% compared with price of 99.84328 and yield of 0.630% for the previous issue dated December 12. Current issue is to redeem issue of $35 millions dated October 1.

Investments for January Funds

The comprehensive facilities of this Corporation are available, through local offices, to investors throughout the Dominion.

Offerings and information on Government, Municipal, Public Utility and industrial securities furnished promptly on request.

Offices: Montreal, Toronto, Halifax, Saint John, Quebec, Ottawa, Winnipeg, Vancouver, Hamilton, Calgary, St. John's, Nfld.

Royal Securities Corporation
Limited

244 St. James Street, Montreal — 330 Bay Street, Toronto

"More Power to His Pen" say Maclean's Readers

Thousands upon thousands of Canadian men and women look forward eagerly to Beverley Baxter's London Letter in Maclean's every issue. For example—"We women in Halifax catch up our Maclean's as soon as it comes and turn avidly to the London Letter". Another writes, "I don't know what we'd do without him!" The vast majority say "more power to his pen".

It is this high voltage of response that has packed

More Power into Willard Battery Advertising

For seventeen years they have consistently advertised in Maclean's.

Many factors have contributed to Maclean's unique editorial strength; its news-behind-the-news—its crusades for a better Canada—its splendid fact articles and fine, first-run fiction. With every issue, Maclean's reinforces its strength with its readers and, as a result advertisers detect a new "high voltage" response from Maclean's big audience.

Does *your* list reflect what you *know*?

If Maclean's is not the big battery of your national campaign, then there must be a short-circuit somewhere! The repair job is minor. Simply connect what you *know* about Maclean's power to what you *do* and you'll just naturally make Maclean's your advertising "power-plant" from now on.

5¢ a copy Maclean's CANADA'S NATIONAL MAGAZINE

a POWER in Your Industry

THOMSON & McKINNON
Brokers

Announce that they have moved their Toronto office from 25 King Street West to

38 KING STREET WEST

where they will be pleased to furnish their clients with complete brokerage facilities.

MEMBERS
NEW YORK STOCK EXCHANGE
WINNIPEG GRAIN EXCHANGE
MONTREAL CURB MARKET
AND OTHER LEADING EXCHANGES

The Editorial Page . .

Rubber Money and Rubber Truncheons

Premier Hepburn of Ontario has made himself the chief public spokesman in Canada for what he is pleased to call "rubber money" as an easier way of paying for the war.

In several speeches Mr. Hepburn has made envious references to the miracles accomplished by Adolph Hitler in seizing "great slices of Europe" by financing with "rubber money."

Mr. Hepburn's views on money have to be patched together from numerous speeches. He is always a little vague on the subject. But he probably would not seriously object to the following as a brief outline of what he is trying to say:

> Hitler wanted guns and airplanes. He never said "I cannot afford guns and airplanes." He did not look in his pocket or his bank book to see how much money was there. He ordered the guns and the airplanes.
>
> When the bills had to be paid he printed whatever money or bonds were needed to pay for them. But since he bought the labor to build the guns and airplanes from his own people, and paid them in their own debts, the guns and airplanes did not really cost any "money" at all. As for the people, they owed the money; but as they also owned the bonds and had the bank notes in their pockets they were no worse off. So the country got what it wanted by printing new money—or by stretching its old money—or perhaps Mr. Hepburn means by just letting the money end look after itself.
>
> That the riches were represented by guns and airplanes, rather than by highways and hospitals and power dams and so on was merely incidental. If you can stretch a rubber mark to build armaments you can stretch a rubber dollar to build public works and provide employment.
>
> Canada, on the other hand, Mr. Hepburn seems to be trying to say, was not that smart. We had hundreds of thousands of people unemployed. Because we thought we could not "afford" to employ these people making guns for defense or for public work we let our people deteriorate and starve, and entered the war defenseless.

* * *

We have heard the same sort of argument from Mr. Aberhart, from the Ottawa Citizen, from the Hallett monetary reformers and from a lot of other people, some smart and some just half-witted.

In fact so many people are saying the same thing that it is worth while examining the argument.

It is quite true that Hitler did not give first consideration to money when he set out to buy guns and airplanes. He measured the capacity of his people to work and to deny themselves.

In recognizing that, Mr. Hepburn and the other admirers of Mr. Hitler's monetary miracles are quite right.

But it was not rubber money that enabled Hitler to force toil and sacrifice upon his people. It was rubber truncheons.

* * *

No worker has been free in Germany for years. Every man and woman in Germany has been assigned a job to do. Hitler has fixed hours, always at the limit of human endurance, and he has fixed wages, always just at the subsistence level. Any man who kicked went to a foul concentration camp, there to work under the lash for cockroach soup and mouldy bread.

Because the conditions he imposed were beyond normal human endurance, Hitler diverted people's attentions by inflaming their basest instincts—hatred, covetousness, suspicion. He wanted them to think they were bettering themselves all the time they were sinking lower. His hand-picked assassins spied on people, threw them into dungeons, poisoned their minds, brutally assaulted their persons, distorted their religion and their philosophy, and shot them in cold blood when they complained. If things went well, it was the Fuehrer who made them go well. If things went wrong, it was the hateful, selfish English, the degenerate democracies who were to blame.

That is the way Hitler got results. It was leadership, using the tools of despotism and ruthlessness. Our job in Canada is to get similar results by leadership, plus inspiration and co-operation.

* * *

We in Canada can get, under our present monetary system, anything we want if we have enough determination, enough industry, enough frugality, enough of the spirit of self-sacrifice.

Nothing in our monetary system ever need stop us from winning the victories of either peace or war.

If we put our backs into this war we can win it. If we coast along, no monetary system that human ingenuity could devise would enable us to win.

Mr. Hepburn's great qualities of leadership ought to be used to arouse the nation to an appreciation of the amount of inspired and efficient work we have to do to organize the victory; to an appreciation of the personal sacrifices that must be made. His talents are wasted on the sort of vague nonsense he is talking on the subject of money.

Our Platform For Canada

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of non-political industrial executive with complete authority to organize and direct procurement of munitions and supply.*
4. *Pay-as-we-go policy, in so far as consistent with an all-out war effort.*
5. *Elimination of public and private waste.*
6. *A national programme for post-war employment and relief problems, along lines of Sirois report.*

Winning the war has become the focus, for all effort, national or personal, in Canada. It requires full mobilization of the nation's material and spiritual resources.

To the fullest degree, this should be achieved by individual effort, freely made.

Strong national leadership will inspire service and sacrifice which in turn will reduce the need for regimentation and compulsion.

Get Out of Debt if You Can

Of necessity there is going to be a large increase in the debt of the Dominion Government as a result of war expenditures. Some of this debt will be represented by off-setting assets, but most of it will be deadweight debt, not producing an added national income to carry it.

If we can achieve in Canada a considerable reduction in private debt during the war years we shall be in much better position to carry the post-war burden of government debt.

Many people are enjoying increased incomes as a result of war activity. This applies particularly to factory workers. Unlike the experience of the last war, farmers have yet to gain any widespread increase in incomes in this war.

Every person whose income has risen should make a most earnest effort to get out of debt, whether his debts be household accounts, mortgages, short-term business obligations or something else. After the war there is bound to come a period of serious maladjustment. Most folks who are then still in debt will find their difficulties greatly enhanced.

Business firms, too, should make an effort to reduce their obligations. Consider, as an example, how much turmoil would be avoided if our great newsprint industry were not loaded up with mortgage bonds, debentures and notes when the next depression comes.

Prepayment of debt helps the war effort. As debt payments flow back into the treasuries of insurance and mortgage companies, installment finance houses, and other business institutions, these firms will be able to reinvest the money in Government war loans.

So it is a good rule for everyone: if the war has increased your income, use the increase first to get out of debt. Then use it to lend to the Government by buying war loans and savings certificates.

Editorials in Brief

Saskatchewan reports record butter production in November, up nearly 12% from the same month a year ago. Gain in the former dry areas of the south was 27.5%. Increase for the first 11 months of 1940 for the whole province was 10.8%, or nearly three million pounds.

This is significant news. It means early relief for the present Dominion shortage of a vital food product. It means, too, a welcome trend toward agricultural diversification and stabilization in a province which has been much too dependent on a single commodity—wheat—at present difficult to market.

* * *

The Halifax Herald warns against "Quislings" who would place their own aggrandizement before "the welfare and interests of their own municipality, province or area of the national sphere."

The idea that people who support the major reforms urged by the Rowell-Sirois report are "Quislings," or fifth column traitors, is one that would not have occurred to many people.

The Halifax Herald has, without realizing it, put the issue quite clearly. The issue is between those who would put the national interest first and those who have regard only for the "welfare and interests of their own municipality, province or area."

Happily, not many Canadians stand for the Balkanization of this country—for its division into scores of small unit states, jealously battling each other for economic and political advantage.

* * *

A remarkably fine tribute to Canadian businessmen is paid by F. D. MacKenzie, Liberal M. P. for Neepawa, Man., in a letter to the Calgary Herald. He takes to task Dorise Nielsen, pink M. P., for her reckless statements in her recent speech in Toronto. Mrs. Nielsen found fault with businessmen doing war work for the Government. Mr. MacKenzie replied: "Modern war is a big business enterprise; it requires good, sound business judgment."

Mr. MacKenzie thinks that people today have a higher individual conception of duty and responsibility than ever before. The older forms of political corruption have passed away. Businessmen, he thinks, operate today on a high moral code, one dictated by public opinion.

> "Businessmen, deserting responsible business positions in order to assist the Government in wartime, are not going to use their new positions to line their own pockets or enrich the coffers of their own firms . . . Not many men are ready to defy society which sets up and maintains its own sanctions in these matters."

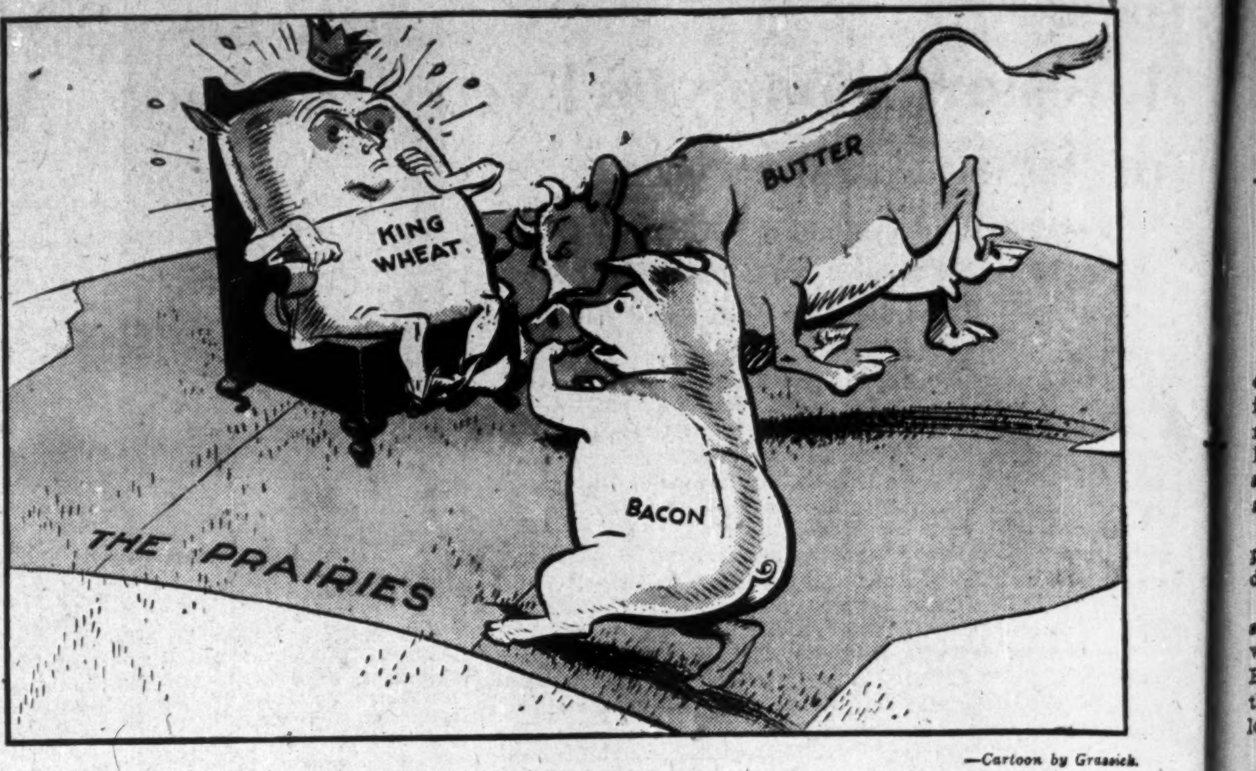
* * *

Any private citizen who fills out the new government income tax forms without the help of a chartered accountant, a lawyer, Professor Einstein and the Imperial Optical Co. will earn but not get the George Cross.

The new form T-1 for incomes of $5,000 and over is complicated beyond comprehension. As tax rates have grown, the type on the forms has got smaller. The type used for giving the taxpayer the instructions he needs is of a size that would permit "Gone with the Wind" to be published on a birthday card. It is "agate" or "5 point." Probably 1½% of the persons in Canada with incomes of $5,000 or more will be able to read it with the naked eye. It is a masterpiece of minutiae and will arouse the envy of the British and Foreign Bible Society.

The portions of the form devoted to computation of the combined Dominion and provincial income taxes and National Defense Tax exhaust all the letters from A to X once, use those from A to M twice, and fall back on the letters (a), (b) and (c).

But it may be that the poisonous concoction contains its own antidote. People will spend so much of their year filling out the form that they will not be able to spend any time earning an income to be taxed.



CHALLENGING THE CHAMPION

—Cartoon by Grassick.

Post-Scripts . . . .

Buy a Stamp

The war has made Morris W. Wilson a big-time international commuter. Two days a week (Monday and Tuesday) he sits at his desk in the St. James Street head office of the Royal Bank of Canada and carries on his presidential duties.

The rest of the week he spends in Washington or New York in his capacity as personal liaison official on this continent for Lord Beaverbrook, Great Britain's Minister of Aircraft Production.

Despite his busy, crowded life, Mr. Wilson took a moment last week to get in a "plug" for Canada's War Savings campaign.

We were talking to him by long distance telephone. A matter came up which required further confirmation. We suggested: "This will be confirmed by wire."

Mr. Wilson shot back: "Don't bother with the wire, a letter will do. Use the money you save to buy a War Savings stamp."

* * *

Promotion

While not creating a precedent, the appointment of C. P. Plaxton, law officer of the Crown, to the trial division of the Supreme Court of Ontario is unusual. It reflects credit upon Mr. Plaxton, whose work as one of the senior law officers in wartime has been exceptionally arduous, and upon Rt. Hon. Ernest Lapointe, Minister of Justice, who has ignored demands of patronage and political favoritism and has elevated to the judiciary one of the ablest lawyers in Canada.

C. P. Plaxton is just turned 51 years of age, looks ten years younger, and has walked in the paths of law—in the most austere form—these past 25 years. Born at Barrie, a graduate of Osgoode Hall, he came to Ottawa a young lawyer in 1915 and asked the late E. L. Newcombe, K.C., then deputy minister of justice, for a job. He got it. Thus he entered the service of law administration, as he leaves it, in wartime.

From 1915 until now Mr. Plaxton has worked in the justice department, rising to the rank of senior law officer and often acting for the present deputy during illness.

* * *

The law officers of the Crown are seldom seen outside of their offices and the higher courts. They are the pack horses of the Government and, in great state cases, of the reigning counsel. At every point of Dominion administration there must be a law officer to counsel and advise. No minister of experience would dream of stepping outside his shadow without "an opinion from justice." To have kept firmly the confidence of all parties, of succeeding governments, over a period of 25 years is as signal a tribute to integrity of character as could be paid. Often, in the stress of an election, the "opinion" of a law officer respecting payments of public funds is vital. Pressure is often strong and only the man of character can resist it.

In great constitutional cases it falls to the senior law officers to prepare the factums for the Supreme Court and the Privy Council. They do the spade work, the digging and the tunnelling. At the trial the big wigs do the talking, but the arguments are all in the printed documents which, along with the argument, go to the court.

Mr. Plaxton has been the pick and shovel man in all the great state cases these past 15 years—the insurance cases, the St. Lawrence cases, the Bennett new deal cases, the Aberhart new deal cases. He is deeply learned in constitutional law, in every phase of exchequer and criminal law.

* * *

Countless civil servants at Ottawa will regret Mr. Plaxton's departure to Toronto. He is a great lawyer, but he never let it get him down. His sense of humor, not without a delicious edge of malice, was irrepressible. He never hurt anyone but where the law was engaged he was never a complaisant adviser, nor did he shed tears when his "opinion" wrecked the fond hopes of an ambitious minister. On the contrary.

Off duty or on, laughter came from him in gales. But outside the dusty libraries of law, he is one of the wittiest and most charming of companions.

* * *

Charity Merger

Ottawa reports that plans are underway for a joint united war services drive in March which would include the Y. M. C. A., the Y. W. C. A., Salvation Army, Knights of Columbus and Canadian Legion. This would cover all the major war services except the Red Cross.

C. L. BURTON

If the plan goes through it will be a feather in the cap of Charles L. Burton, president of Simpson's, Ltd. A few weeks ago Ottawa put its war charity problem child on Mr. Burton's broad back. Mr. Burton was named chairman of the new national advisory committee charged with the responsibility of advising the Minister of War Services, Hon. James Gardiner, as to how this war charity problem should be handled.

Mr. Burton was in hospital at the time the appointment was made. But that didn't hold matters up at all.

The Toronto merchandising chief sent a capable associate to Ottawa to get the wheels turning. By the time the second board meeting was held Mr. Burton was able to take the chair even though he did so against his doctor's orders. When the next board meeting is held in Ottawa on Jan. 7, Mr. Burton hopes he will have an acceptable solution to the tough problem of bringing together a group of organizations which, though ready to play ball if the Red Cross were in on the game, have been chary about losing their identity in a single war service campaign while their chief wartime running mate—the Red Cross—was permitted to have a campaign of its own.

Mr. Burton won't talk about his programme until after the next board meeting, but there is a possibility that for 1942, if the 1941 united appeal is successful, the Red Cross will be induced to join the other bodies.

* * *

Dr. E. W. Stapleford, who is in charge of voluntary war services in Hon. James Gardiner war service ministry, probably gets credit for having induced Mr. Burton to take this important post. When we saw him in Ottawa recently before the appointment was announced he was greatly elated at the prospect of having Mr. Burton head the committee. It is a wise choice.

For long years Charles Burton has been giving freely of his ability and energy on behalf of charitable and welfare organizations. One such organization which lies close to his heart is the Big Brother Movement, Inc. of Toronto, of which he is now honorary president. He has been active in this organization since its inception. He has been a member of the Board of Governors of the Canadian Welfare Council.

* * *

Mr. Burton recently started his 50th year in the merchandising business. It was back in 1891 that he started to work for the late H. H. Fudger at $2 a week. Mr. Fudger was then conducting a wholesale fancy goods business and needed an office boy. By the time he was 19 years old he was responsible for the accounts of some 6,000 customers. But he found time to look after these in the evenings and do other work around the office during the day. He boasts he never had to ask Mr. Fudger for a raise.

A few years later he switched his interest to the sales end of the business and took over on his own the wide-open western territory. It is reported that he carried from seven to 25 trunks and on one occasion at Vancouver he had 47 pieces of baggage.

Because most of his firm's merchandise was bought in Europe, principally in Germany, he studied German. His intimate knowledge of the sales end of the business helped him considerably in his work as a buyer.

When Mr. Fudger became interested in the Robert Simpson Co. he invited C. L. Burton (in 1912) to join the company. He was given the title assistant general manager. His steady upward climb into the presidency of the firm is a matter of merchandising history.

* * *

When war broke out Mr. Burton lost no time in organizing a Citizens Committee for Troops in Training at Toronto. He used his unbounded enthusiasm and energy to enlist the interest and co-operation of a wide circle of Toronto friends. As a result a fine bit of public-spirited war work was accomplished with the greatest possible enthusiasm and efficiency and at the least possible cost.

Mr. Burton's new job flows naturally from his energies with the Citizens Committee. In that work he saw at first hand the problems and opportunities which lay in getting the utmost co-operation to handle the complex problem of co-ordinating war charities.

* * *

Durham Boys

Last week we told something about M. F. Christie, newly elected president of Great West Life Assurance Co. We reported, among other things, that he was born in Bowmanville.

Now, our friend George James, editor of the Canadian Statesman, Bowmanville, reminds us that another Durham County boy, A. N. Mitchell, is president of the Canada Life. "A caution," he says, "how these D. C. boys lead the parade."

He adds another Durham County news item which will interest many Post readers:

"Why even this week I see Sam McLaughlin heads the list of horse breeders for 1940, with earnings totalling $16,100."

* * *

"The forces making for the unity of Canadian people have proved beyond anything we had a right to expect."—*Professor Watson Kirkconnell.*

Other People's Views . . . .

The Canadian Editorial of the Week

Preaching and Practising

Maclean's Magazine

H. R. MacMillan, chairman of Canada's War Requirements Board, told the Canadian Club in Toronto that:

> "Canadians have not yet accepted the principle that this is a war to the death and that great personal sacrifices must be made by each individual before victory can be achieved. . . .
>
> "All governments should also practise self-denial and contribute to the great war savings campaign."

It is significant that the last statement received more applause than any other passage in Mr. MacMillan's speech.

In our daily mail there is ample evidence that throughout the country there is a very strong feeling that the Ottawa Government is not practising what it is preaching.

Apart entirely from war and special expenditures, figures show that for the first seven months of 1940, ordinary costs of government were on the same level as those for the first seven months of 1939.

In October last, ordinary expenditures totalled $41,000,000—two millions more than the expenditures for October, 1939.

The Government's standard of living isn't being lowered. It isn't practising self-denial . . .

So far as war expenditures are concerned, a parliamentary committee will meet this month to examine them. Questions asked in the House show that in several districts there is a desire for more information concerning government contract awards.

Prime Minister King told the House that the committee's personnel would have to be most carefully chosen. He feared advantage might be taken of the enquiry to make political ammunition. . .

If mistakes have been made, and they have been made; if waste is exposed, and waste there has been; then the findings of the committee should lead to the correction of mistakes and the elimination of waste.

That is the only way the war can be won.

No one expects a government to be perfect. Admission of mistakes and evidence of action to prevent them happening again isn't going to lessen public confidence. What would lessen it would be the realization that the Government, through its numerous publicity bureaus, has been feeding the public pap.

Canadians are all set for any sacrifice they may be called upon to make, let there be no mistake about that. All they want is efficient management of their concerted war effort.

* * *

As Others See Us

Others Might Take Hint

Sudbury Star

Talking about international debts, it appears that Greece owes Canada $6,525,000, and The Financial Post considers it would be a splendid gesture on the part of the Dominion to send the little republic a receipt in full as a mark of esteem.

In April, 1919, Canada loaned Greece $7,521,300. The money was used to buy Canadian food products. The loan was funded in 1923 when Greece gave this country $8,000,000 of 5% bonds maturing in various installments up to 1948. Between 1924 and 1931 Greece paid $1,475,000 on account, and nothing since. With Greece involved in a costly war it is doubtful if she will ever be able to pay as much, if anything.

An example set by Canada might not pass unnoticed in a wealthier country which would be better off if it dealt realistically with intergovernmental debts.

* * *

Why the Hold-up?

New Glasgow News

The Financial Post this week exposes the alarming situation where a Canadian airplane manufacturing plant has been kept in virtual idleness for some months and is today going at from 15 to 20% of its possible output.

And this at a time when a British lecturer is telling American labor groups that the Empire needs "planes, planes and more planes!"

The situation is one that does not make sense.

The case demands immediate attention. Perhaps the manufacturer is at fault. If so, then the Government should immediately step in and order a change and immediate full production.

But clearly the Government is more greatly to blame for not having cleaned this matter up five months ago. During this period the Mother Country, the heart of the Empire, has been exposed to ruthless bombing by the enemy — a bombing so severe that production is falling and comparison is made to the dangerous period in early 1917. All because Britain has not enough planes.

And at the same time our own Canadian air training plan has been threatened by a lack of planes. As it expands still more will be needed so we can turn out the pilots to defend Britain.

Meanwhile for five months one of the biggest and best airplane plants in Canada has been idling when it should have been going at full speed!

The need is there; plant, labor and brains are there. But the need is not being filled. Why?

* * *

Can This Be True?

Charlottetown Guardian

The Financial Post is authority for the following statement:

> Seventeen miles from Toronto stands one of the largest, most up-to-date airplane plants in Canada. It is the Malton plant of National Steel Car Co. Work on this plant began in April, 1938. In 1939 the plant was extended. Total investment by the company is now over $2,500,000. The plant is now 500 ft. by 700 ft. in size. It is equipped with modern machinery for the manufacture of aircraft.
>
> Yet the tragic facts are these:
>
> At no time has this plant ever been used to more than a fraction of its full capacity. Today it is probably not being used to more than one fifth or one sixth of its ultimate, all-out possibilities. Most of its present production is for a type of plane now considered "useless."

This waste of productive plant continues in spite of the fact that Great Britain and the Empire air training plan clamors for planes.

It continues in the face of a curious anomaly that the Government has recently announced the building of a new costly airplane plant at London, Ont.—a plant which may not be in production for a considerable period of time.

These are serious charges, and should be thoroughly investigated. There is something radically wrong if wastage on such a scale is being permitted in the most immediately vital industry of the war.

* * *

The Mail-box

Why Not Try Salesmen?

Editor, The Financial Post:

In the last few days there have appeared, in three authoritative financial columns, thoughtful articles all offering Canada the alternative of compulsory saving or ruinous inflation. As inflation is dreaded by all thinking economists, these writers are unanimous in advocating some form of compulsion so that the earnings and the savings of the great middle classes may become available to the Government to aid in financing the war effort.

This advocacy of compulsion can only mean that there is a fear that the Government has fallen down in its efforts to sell war savings certificates. If this is the case, it would seem to be opportune to examine the Government's effort.

Any successful sales campaign must have, first, a saleable article. Second, a market capable of absorbing the product, and third, capable sales organizations to bring the product and the market together. Let us examine war savings certificates from these three angles.

Any expert in investment would say that the product was excellent.

The banks have on deposit in savings accounts more than $400,000,000 drawing interest at 1½% per annum. Surely this is a big enough market to absorb the $10 millions a month that the Finance Minister has set as a quota for the sale of war savings certificates.

We have the product, we have the market. Now what kind of salesmen have we put in charge of this campaign?

The Minister of Finance has placed the sale of these certificates directly under four men: Dr. W. C. Clark, Deputy Minister of Finance and a former university professor; Graham F. Towers, chairman of the Bank of Canada and a former banker-economist; Kenneth Henderson, formerly in charge of institutional business for an investment banker; and William Hanbury-Budden, also a former banker-economist. These are capable, even brilliant, men in their own métier. But none of them has the qualifications which would get him the job of sales manager for any commercial enterprise with an annual turnover of $100,000. Yet they have been made responsible for a quota of $120 millions.

The late Harold F. ("Carload") Ritchie would have been lost in the intricacies of the Foreign Exchange Control Board or in the maze of fiscal policy but he could have organized a sales staff which could have sold a good product to at least 25% of a possible market. There are still any number of sales managers in Canada who are as capable as the late Mr. Ritchie, but when this board of strategy go outside the select circle of senior civil servants for civilian aid, whom do they conscript? A salesman? No, two professional men, an actuary and an engineer. Again both capable and successful executives, but not sales executives.

Before the Government throws up its hands and goes overboard for the confiscation of earnings and savings, why don't they try hiring a sales manager and let him hire a competent sales organization?

SALESMAN.

* * *

Sayings of the Week

"Comedians are put into motion pictures to make audiences forget the story."—*Jack Oakie.*

"Our dykes are weaker and softer today than ever before in our history."—*Herbert Hoover.*

"Leaders with tenth-rate minds have captured the new instruments of propaganda."—*Charles Chaplin.*

"The main test of democracy is the ability to train its own aristocracy."—*Dr. Nicholas Murray Butler.*

"Liberty will disappear from the earth unless freedom is capable of greater sacrifices than tyranny."—*Henry Breckenridge.*

"Like watching a football game, your enjoyment is much greater once you understand the workings of the orchestra."—*Andre Kostelanetz.*

"We might as well realize that we are now going to turn the pages of progress backward and repeal social laws that increase the government's budget."—*Jesse H. Jones, U. S. Secretary of Commerce.*

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

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Week in Business

Price Pegging Seen As Dangerous Move

Businessmen Feel They Should Be Assured of Some Protection Against Loss on Goods Bought at Higher Prices

Pegging of butter prices by the Wartime Prices and Trade Board is causing concern in business circles. The real significance of the move is that it sets a precedent for taking similar action in other lines. The ruling is retroactive in its effect in that prices are to be pegged at the level ruling on Dec. 12. Consequently dealers who bought on an advancing market after that time will take a loss of 3 to 4 cents a pound.

Businessmen are not opposed to protecting the public against sharp price advances. But they feel there should be some way of protecting dealers against loss in such cases.

Butter interests point to the fact that when prices were falling some months ago, no action was taken to check the decline. Nor were farmers protected against low summer prices for their butterfat. But in winter when production falls off normally and prices advance they are prevented getting the high prices which would balance the low summer returns.

Advice by the Board that citizens curtail their consumption is also seen as pointing to the possibility of rationing food products, a practice to which Canadians are not accustomed. Rising prices are viewed in business circles as one of the most effective means of checking consumption. But on this occasion the Government seems anxious to ensure everybody a fair quantity of a necessary food product at reasonable prices.

* * *

Current estimates are that Canadian production of war materials will be at full capacity before many months pass. Actual accomplishments, however, appear to be restricted by uncertainty as to just what is wanted, as well as inability to obtain plans and specifications. This is probably more noticeable in the aircraft industry than elsewhere. On this account actual output of planes is understood to be far behind the estimates set for early 1941 by Hon. C. D. Howe in September.

Canada's close relationships with Great Britain and the United States are a handicap owing to variation in products. This appears to prevent concentration of effort which might be possible otherwise. One specific instance mentioned is that of rifle cartridges, of which Canadian plants at present are producing two different calibres to fit the British and American rifles both being used here. The same condition is stated to prevail in telephone equipment, airplanes and airplane equipment, etc. Greater uniformity in equipment is seen as necessary to get maximum results.

* * *

Trade and industry generally remain at a high level. In business there is a letdown after the holiday rush. Merchants are taking stock and preparing to reduce inventories of seasonal lines for which the big demand passes with the turn of the year. A reflection of the larger buying power of the nation is had in the steady rise in note circulation of the Bank of Canada to successive new high levels.

Business Indicators

Current business active with D.B.S. index rising above previous week and almost 5% over 1939 level.

Railway carloadings and gross traffic earnings for third week of December higher than in 1939. Cumulatives for year to date also up.

Sea fisheries catch and landed value in November and 11 months show increases.

Newsprint exports up 9% in November over previous year. Total for 11 months up 24%.

Electric power output slightly lower than year ago, with total for first 11 months of 1940, 6% above 1939.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	Dec. 21	Dec. 14	Dec. 6	Nov. 30	Dec. 23/39
Weekly index of business, D.B.S.	109.1	108.7	107.2	106.4	104.2
Commodity prices index no.	84.2	84.3	84.1	84.1	82.1
	Nov.	Oct.	Sept.	Aug.	Year Ago
The Financial Post business index	•160.5	151.7	147.4	142.9	129.0
Retail sales index no.	....	93.7	91.0	93.6	86.9
Dept. stores sales index no.	97.6	92.4	89 2	89.1	81.8
Wholesale sales index no.	....	133.9	124.2	115.1	123.1
Country store (% change pr. yr.)	....	+3.6	—10.7	+9.8	+3.5
EMPLOYMENT Index Nos., D.B.S.	Nov 1	Oct. 1	Sept. 1	Aug. 1	Year Ago
All industries	139.2	136.2	131.6	127.9	123.6
Manufacturing	144.6	143.8	138.4	134.4	122.1
Wage earners. no. 000's	...	...	2,805	2,709	2,506
Living costs weekly budget	$18.14	$17.87	$17.82	$17.90	$17.77
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
▪Carloadings (week Dec. 21)	57,528	45.891	2,772,248	2,512,583	+10.3
▪C.N.R. gross (week Dec. 21) $	5,584,110	4,475,346	239,811,078	198,162,733	+21.0
▪C.P.R. gross (week Dec. 21) $	3,962,000	3,041,000	165,985,000	147,039,000	+12.8
C.N.R. net revenue (Nov.) $	5,524,224	4,974,604	38,733,861	17,080,805	+126.7
▪C.P.R. net revenue (Nov.) $	5,072,617	5,592,275	30,833,231	24,141,850	+27.7
IRON AND STEEL—Nov.—					
Pig iron production (tons)	109,576	87,822	1,058,417	661,562	+60.0
Steel ingots and castings prod. .... (tons)	176,113	147,182	1,825,752	1,234,765	+48.0
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Oct.)	4,829	5,682	85,370	74,637	+14.4
Factory output .. (Nov.)	10,814	9,882	98,473	97,315	+1.2
Trucks and Buses:					
Domestic sales* .. (Oct.)	1,665	1,219	25,480	21,052	+21.0
Factory output .. (Nov.)	12,807	6,874	101,147	41,023	+146.6
Financing:					
Used .... (Nov.) $	2,931,998	2,397,918	39,035,790	32,725,275	+19.3
New .... (Nov.) $	2,538,480	1,908,245	30,766,203	25,742,344	+19.5
CONSTRUCTION—					
Contracts awarded .. (Nov.) $	54,981,900	12,739,300	329,091,500	177,749,300	+85.1
Cement prod., bbls. (Sept.)	909,000	852,000	5,528,804	4,424,691	+24.9
AGRICULTURE—					
Flour prod., bbls. .. (Oct.)	1,872,514	2,089,562	13,590,455	13,326,579	+1.9
Flour exp., bbls. ... (Nov.)	662,718	572,810	6,625,291	4,439,458	+49.2
Wheat exp.. bush. .. (Oct.)	9,658,887	16,848,847	110,129,700	107,856,939	+2.1
Cattle sales▴ .... (Nov.)	123,596	108,983	1,062,519	1,009,833	+5.2
Hog sales▴ .... (Nov.)	654,218	443,398	4,766,632	3,268,256	+45.8
SEA FISHERIES—$					
▪Catch cwts. .... (Nov.)	898,400	735,100	10,348,650	9,133,850	+13.3
▪Landed value ...... (Nov.)	892,800	777,400	16,843,800	15,884,050	+6.0
NEWSPRINT—					
Production, tons ... (Nov.)	282,344	288,726	3,165,906	2,628,610	+20.4
▪Exports, tons .... (Nov.)	276,586	253,997	2,979,336	2,403,432	+23.9
MINING AND OILS—					
Coal prod., tons ... (Oct.)	1,708,278	1,798,634	13,965,293	12,465,993	+12.0
Coal imports, tons .. (Oct.)	1,594,611	1,949,633	15,244,073	10,779,316	+41.7
Gold prod., fine oz. (Sept.)	440,450	422,322	3,935,341	3,801,760	+3.5
Crude oil prod., bbl (Sept.)	841,752	720,866	6,268,565	5,787,117	+8.3
Crude oil imp., bbl. (Oct.)	5,102,000	4,745,900	35,402,970	31,400,500	+12.7
ELECTRIC POWER OUTPUT—(November)—					
▪Total monthly, 1,000 kw.h.'s	2,524,860	2,601,536	27,495,907	25,815,272	+6.5
FOREIGN TRADE—♦					
Imports .... (Oct.)	108,644,852	79,053,266	877,364,556	594,384,985	+47.6
Exports .... (Nov.)	118,408,587	98,490,366	1,094,511,368	833,948,985	+31.2
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. .... (Nov.)	231,532	138,924	2,261,389	1,962,894	+15.2
Shoes, pred., pr .. (Oct.)	2,531,659	2,701,694	21,985,976	20,606,901	+6.7
Cotton consump., lb. (Nov.)	16,236,976	15,978,183	175,113,097	114,839,736	+52.5
Raw rubber imp., lb. (Oct.)	18,056,804	11,877,283	86,140,318	60,631,009	+42.0
Cigarette cons. No.† (Nov.)	686,868	632,938	6,997,004	6,613,812	+5.8
Sugar manufactured .. lb.§	174,045,529	146,317,261	886,565,423	809,120,369	+9.5
FINANCE—					
Bank debits† .... (Oct.) $	3,526,625	2,898,916	28,179,805	25,630,139	+9.9
Bond sales† .... (Nov.)	107,977	64,481	1,963,186	1,369,032	+43.4
Life insurance sales (Nov.)	32,899,000	33,034,000	331,490,000	333,967,000	—0.74

*D.B.S. All Canada figure covering over 90% of the Canadian total. †000's omitted. §For four weeks to Nov. 2, 1940. ♦Gold excluded. ‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary. ▴Total at yards and plants. New items for week marked ▪

C. N. R. Deficit Sharply Lower For Past Year

Net Operating Income Up From $15 Millions to $42 Millions

From Our Own Correspondent

MONTREAL.—Canadian National Railways operating revenues for 1940 are placed at $244 millions and net revenues at $42 millions, according to an estimate prepared by S. J. Hungerford, president. This is the best showing made by the Government-owned railway in many years and compares with the actual returns of 1939 of a gross income of $203.8 millions and a net revenue of $20.8 millions.

Subject to final audit, indications are the Canadian Government will have to advance less than $10 millions to cover interest on the railway system's bonds held by the public, as against around $35 millions the year before.

Canada's railways made possible the very important expansion in the variety and volume of the Dominion's commodity production which took place in the 25 years preceding 1939, according to the year end statement issued by Mr. Hungerford. The same railway network, he added is making possible the present expansion in production, and the expansion which is to follow. The Canadian National Railways System, he added, is proving itself able to provide Canadian industry with the efficient transportation service required to effect this expansion in production of materals and equipment.

Part of War Effort

In the survey Mr. Hungerford goes on to say:

"The safe and expeditious handling of special wartime movements of thousands of men of the navy, army and air forces has been the concern of all departments of the Canadian National System—railway transportation, sleeping and dining cars, steamships, airlines, hotels, express and telegraphs. Less in the public eye, but extremely important has been the task of moving thousands of train loads of construction materials, machinery and equipment to the new manufacturing plants. As these plants are completed there is the work of transporting to them large tonnages of many kinds of raw materials, and carrying to ooean shipping points the production of raw material and equipment. Besides meeting the transportation requirements of Canada's fastest growing munitions industry, the country's railway transportation facilities must maintain the flow to the United Kingdom and other countries of timber, metals, grain, meat, etc.

Adequate Equipment

"Meeting these demands for railway transportation services means the expansion of rolling stock and other facilities. Canadian National early took steps to ensure that its supply of cars and locomotives would be adequate. Its shop programmes on repair and rehabilitation have brought the number of units available for service up to a very high percentage figure.

"During 1940, 2,760 new box cars, 500 flat cars, 100 refrigerator cars, 30 mail, express and baggage cars, 150 ballast cars, and 25 heavy duty steam locomotives were added to the equipment of the railway.

Increased traffic, due to war conditions made advisable certain additions to track facilities by way of passing tracks, sidings and yards. Further additions to physical facilities are under study and consideration to meet the growing wartime demands for railway transportation services.

Other Departments Active

The past year has also seen the expansion of Canada's Trans-Canada Air Lines, Mr. Hungerford pointed out. "At sea the vessels of Canadian National Steamships (West Indies) Ltd. and of the Canadian Government Merchant Marine Ltd. are doing important work in the import and export activity of the Dominion and in passenger traffic. The vessels operated by the C.G.M.M. include some steamships formerly managed by French and Danish interests. Engaged in the naval defense of the Dominion are the 'Prince Robert,' the 'Prince David,' and the 'Prince Henry,' formerly of the Canadian National Pacific Coast Steamship fleet."

Permit Now Needed For Travel to U. S.

Under a new regulation of the Foreign Exchange Control Board, all residents of Canada leaving Canada after Jan. 1 for the U. S. or other "hard currency" country will be required to have a permit. This falls especially on women who have been accompanying their husbands on business trips, but carried no money on their own account.

One object of the new regulation is to prevent travellers using money they may have in the United States, but which they have not disclosed to the Canadian authorities. It is also intended to stop individuals leaving Canada without funds and borrowing from friends in the United States. This, it is claimed, represents a foreign exchange obligation and is illegal. Permits for travel will be granted in such cases after Jan. 1 only when the funds are supplied as a gift by friends in the United States.

Newfoundland Appoints Defense Delegates

Hon. J. H. Penson, Commissioner for Finance, and Hon. L. E. Emerson, Commissioner for Defense, will represent Newfoundland at discussions between British and United States experts in London regarding the jurisdiction and administration of naval and air base sites leased to United States by Great Britain, it has been announced.

Newfoundland is the only point at which bases have been leased to the United States where control of the area is vested in the Dominions Office. All other areas involved are administered by the Secretary of States for Colonies.

Keeping Posted . .

By J. C. KIRKWOOD

JOHN C. KIRKWOOD

Are motorists and truck drivers conscious of the scientific thought and achievement represented by the traffic lines which are painted on our highways. Consider, for example, the paint used for traffic line markings. It must present a solid color, with no trace of the under surface showing through a single coat. That coat, applied while traffic continues to use the road, must be extremely fast in drying. In anything from five to forty-five minutes after it is laid, it must be ready to stand severe abrasion from brake action, and spinning and skidding of heavily loaded tires, without lifting from the pavement or smearing. It has to give the greatest possible visibility at a maximum distance under all light conditions—daylight or reflection from headlights. It must retain that brilliant visible color despite the action of chemicals in the pavement itself, which tend to stain other paints. It must withstand for a whole year the scorching heat that black pavement absorbs from the summer sun, the erosion of rain and sleet and snow, the grinding, cutting effect of ice and frost; and it must be adaptable to suitable means of application. It is when one realizes that all these requirements have been met that one is able to appreciate the tremendous chemical achievement that painted traffic lines represent. There is a fine illustrated article in the December issue of Canadian Paint and Varnish Magazine dealing with the part that paint plays in safe driving on Canada's highways.

* * *

Bombs Notwithstanding

The world's largest port—the Port of London—has had a terrific pounding by bombers, and so has had focused on it world-wide interest. Yet there is an article about the Port of London in the December issue of Modern Power and Engineering which is placid in the extreme: It does not once refer to war damage. The author of the article, Asa Binns, chief engineer, Port of London Authority, is both reminiscent and descriptive. His main purpose is to tell of the port's huge power, mechanical and storage facilities—this despite the circumstance that these facilities have been enormously impaired.

This article should be of much interest to all port authorities in Canada, and especially to those in Toronto who are promoting the project of a new market centre on or near the lake front.

* * *

On Marketing

An extraordinarily comprehensive book—it contains 794 pages—on the very broad subject of marketing bears the word "Marketing" as its title. The authoritative and practical character of this book's contents is established by its authors—Ralph S. Alexander, Assistant Professor of Marketing, School of Business, Columbia University; Frank M. Surface, Director of Sales Research, Standard Oil Company of New Jersey; Robert F. Elder, Manager of Market Research, Lever Brothers Company; and Wroe Anderson, Commercial Research Department of the Curtis Publishing Company. The book deals with the varieties of business establishments which do the work of marketing—retailers, wholesalers, agents, etc.; with the problems of merchandising, the choice of distribution channels, pricing, selling and advertising, etc.; and with the planning of marketing activities — budgetary control, analysis of distribution costs, research, etc.

This book is to be recommended to all executives having marketing problems. The publishers are Ginn & Co.

* * *

Color Catchers

John Murray Gibbon, Canadian Pacific Railway's publicity head, demonstrated the value of color in advertising and merchandising at a meeting of the Toronto Graphic Arts Association recently. Mr. Gibbon was urging the use of more color, with emphasis on the sales power of color in printed advertising, on packages, in restaurant surroundings, in photography, and in many other things. Red wrappers, Mr. Gibbon said, sell the most candy bars; green sells the most fountain pens. Blue is the prcf--red color among civilized :x:n; red among women, children and savages. Coral and lilac are best-sellers in toilet sets. Pink and jade-green are favorites for plumbing and sanitary fixtures. The realism of natural color reproductions in advertisements has proved particularly effective in the case of foods.

* * *

Class A Mine Towns

Rouyn and Noranda are "banner" mining towns. They are described as being "Class A" towns by those with consumer products to sell—particularly food products. The total payroll of the various close-in mines is estimated to be $6 millions per annum, or say, $20,000 per day. The average annual wage of a Noranda-Rouyn miner is $1,600.

Rouyn and Noranda are in reality but a single community, though they are separate municipalities. They sit side by side. Together they have a population of about 17,000. Noranda is said to be the best laid out mining town in Canada, with fine homes.

A visit was made to this mining centre by B. T. Huston, editor of Canadian Grocer, whose eyes, understandably, were perceptive of what is sold in grocery stores. He found stocked there the kind of merchandise one would look for in a metropolitan grocery store serving a wealthy clientele. Many of the stores have modern-type equipment.

* * *

Electrical Industry

The first electric public utility operated in Canada was in Pembroke, Ont. There, in 1884, an Edison generator was installed, in the grist mill of W. V. McAllister. Distribution wires were connected to stores, residences and streets. Five years later the Pembroke Electric Light Company was organized and has operated continuously ever since. The second electric public utility in Canada was born in Calgary, in 1886, and serviced a sawmill. The current was derived from a small D C generator. In 1887 the Chaudier Electric Company was organized to supply electric light to the City of Ottawa. The pioneer in the Montreal area was Sir Herbert Holt, who developed an adequate service for the community from plants constructed at Lachine and Chambly. In 1896 the Cataract Power Company was organized to develop power at De Cew Falls, and power was transmitted from that hydro station to Hamilton in 1898. In 1906 power was transmitted from Niagara to Toronto.

* * *

Partners

Every one of Canada's 800 or so country weekly newspaper publishers should own — not borrow — that most delightful book, "The Country Editor," by H. B. Hough (McClelland). It is the intimate, minute and happy tale of Harry Beetle Hough and his wife, both graduates of a school of journalism, and both sharing the labor of preparing and printing a country weekly newspaper—in a New England town. The tale covers a period of 20 years, and these two persons are still on their job. They began by buying a paper having only 600 circulation and raised it to 2,700 copies.

Here are other books to be recommended: Adventure North, by Kathrene Pinkerton, author of those two captivating books, Wilderness Wife and Three's a Crew (McClelland). The story of two children who go with their parents to make a home among the Indians in the Hudson's Bay Country.

Newfoundland Codfish Exports Improved

Substantially improved exports of salt codfish are reported by the Newfoundland Fisheries Board. During November 84,330 qtls. of bank and shore fish and 24,842 qtls. "Labrador" were exported. Salt bulk exports amounted to 9,090 cwts. This compares with 41,068 qtls. of bank and shore fish, 22,182 qtls. of "Labrador," and 7,723 cwts. of salt bulk shipped in November, 1939.

From July 1 to Nov. 30 exports of shore and "Labrador" codfish totalled 413,673 qtls. and 51,512 cwts. of salt bulk. This compares with 380,069 qtls. in the corresponding period of 1939 and 21,026 cwts. of salt bulk.

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40-2

Firm Power Demand Gains

But Total Output Less as Secondary Power Sales Curbed

From Our Own Correspondent

MONTREAL.—Firm power produced for consumption in Canada by central electric stations reached a new high in November, according to the Dominion Bureau of Statistics. Output at 2,080 million kw.h. compared with 2,072 kw.h. for October and on a daily basis the increase was from 66.8 million kw.h. to 69.3 million kw.h., or 4.3%.

Deliveries of secondary power to electric boilers during November were light at 259 million kw.h. as against 637 million kw.h. the year previous.

Exports to United States increased from 155 millions in Nov., 1939, to 185 million kw.h. in Nov., 1940. However, the increase was all in secondary power, exports of firm power declining from 120 million kw.h. to 110 million kw.h.

Total Output Lower

Because of the large decrease in secondary power, total output of central electric stations last November was less than in the same month a year ago, amounting to 2,525 million kw.h. as against 2,601 million kw.h.

Ontario, the Prairies and British Columbia were the only economic areas to report a greater output, the decline in Quebec and the Maritime Provinces being sufficient to offset the increase in the other areas.

Trend of Production

(Thousands of Kilowatt Hours)

November	1940	1939
Maritimes	84,544	85,765
Quebec	1,288,486	1,411,488
Ontario	765,437	737,240
Prairies	200,180	194,849
British Columbia	186,213	172,194
Total	2,524,860	2,601,506
11 Months Ended November	1940	1939
Maritimes	815,516	815,576
Quebec	14,663,107	13,887,638
Ontario	8,096,476	7,324,659
Prairies	1,993,756	1,982,386
British Columbia	1,927,052	1,805,013
Total	27,495,907	25,815,272

Consume More Energy

Provincial consumption (production plus provincial imports, less provincial exports) aggregated 2,239 million kw.h. last November. This compares with 2,318 million kw.h. in the preceding month and with 2,446 million kw.h. in Nov., 1939.

For the first 11 months of 1940 provincial consumption totalled 25,560 million kw.h. This is the highest figure ever reported by the industry and compares with 24,053 million kw.h. for the like period in 1939.

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Soo Canal Traffic At 11 Year Record

From Our Own Correspondent

MONTREAL.—Lake freight traffic through the Sault Ste. Marie canal in the past year reached the highest peak since 1929. The increase is due wholly to wartime production of steel, which increased flow of iron ore through the water artery. Decreases in flour, wheat, other grains and hard coal kept total for the year below the 1929 figure.

Movements through the canal during the year totalled 89.9 million tons. Iron ore shipments accounted for 66.2 million tons and reached a record high. In 1929 tonnage passing through the canal amounted to 92.6 millions.

THE ROYAL BANK OF CANADA

General Statement, 30th November, 1940

LIABILITIES

Capital stock paid up		$ 35,000,000.00
Reserve fund	$ 20,000,000.00	
Balance of profits carried forward as per Profit and Loss Account	3,198,146.37	
	$ 23,198,146.37	
Dividends unclaimed	29,000.19	
Dividend No. 213 (at 8% per annum), payable 1st December, 1940	700,000.00	23,927,146.56
		$ 58,927,146.56
Deposits by and balances due to Dominion Government	$ 20,462,766.89	
Deposits by and balances due to Provincial Governments	15,065,374.51	
Deposits by the public not bearing interest	399,085,358.54	
Deposits by the public bearing interest, including interest accrued to date of statement	405,521,189.16	
Deposits by and balances due to other chartered banks in Canada	215,956.83	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries	12,047,550.38	
		852,398,196.31
Notes of the bank in circulation		25,103,351.64
Bills payable		43,013.98
Acceptances and letters of credit outstanding		18,003,678.07
Liabilities to the public not included under the foregoing heads		1,094,939.72
		$955,570,326.25

ASSETS

Gold held in Canada	$ 16.86	
Subsidiary coin held in Canada	1,740,027.54	
Gold held elsewhere	336,173.74	
Subsidiary coin held elsewhere	2,011,482.62	
Notes of Bank of Canada	17,066,558.25	
Deposits with Bank of Canada	65,020,125.17	
Notes of other chartered banks	774,981.70	
Government and bank notes other than Canadian	20,078,000.42	
		$107,027,366.30
Cheques on other banks	$ 29,171,678.91	
Deposits with and balances due by other chartered banks in Canada	2,832.62	
Due by banks and banking correspondents elsewhere than in Canada	70,389,511.25	
		99,564,022.78
Dominion and Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value		201,132,212.09
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value		110,700,896.65
Canadian municipal securities, not exceeding market value		7,314,592.51
Public securities other than Canadian, not exceeding market value		9,421,620.56
Other bonds, debentures and stocks, not exceeding market value		32,155,514.15
Call and short (not exceeding 30 days) loans in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		10,243,943.49
Call and short (not exceeding 30 days) loans elsewhere than in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		7,394,239.19
		$584,954,407.72
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	$229,451,217.53	
Loans to Provincial Governments	999,795.25	
Loans to cities, towns, municipalities and school districts	18,374,596.54	
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	79,277,395.82	
Non-current loans, estimated loss provided for	1,783,249.36	
		329,886,254.50
Bank premises at not more than cost, less amounts written off		14,446,007.98
Real estate other than bank premises		2,109,633.74
Mortgages on real estate sold by the bank		717,489.46
Liabilities of customers under acceptances and letters of credit as per contra		18,003,678.07
Shares of and loans to controlled companies		3,482,865.20
Deposit with the Minister of Finance for the security of note circulation		1,340,000.00
Other assets not included under the foregoing heads		629,989.58
		$955,570,326.25

NOTE:—The assets and liabilities of The Royal Bank of Canada (France) are not included in the above General Statement.

M. W. WILSON, President and Managing Director.

S. G. DOBSON, General Manager.

AUDITORS' REPORT

TO THE SHAREHOLDERS, THE ROYAL BANK OF CANADA:

We have examined the above Statement of Liabilities and Assets as at 30th November, 1940, with the books and accounts of The Royal Bank of Canada at Head Office and with the certified returns from the branches. We have checked the cash and the securities representing the Bank's investments held at the Head Office at the close of the fiscal year, and at various dates during the year have also checked the cash and investment securities at several of the important branches.

We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank. The above statement is in our opinion properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1940, and it is as shown by the books of the Bank.

JAS. G. ROSS, C.A., of P. S. Ross & Sons
W. GARTH THOMSON, C.A., of Peat, Marwick, Mitchell & Co.
Auditors.

Montreal, Canada, December 23, 1940

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 30th November, 1939	$ 3,096,251.21	
Profits for the year ended 30th November, 1940, after providing for Dominion and Provincial Government taxes amounting to $1,823,950.19 and after making appropriations to Contingency Reserves, out of which Reserves provision for all bad and doubtful debts has been made	3,526,894.16	
		$ 6,623,146.37
APPROPRIATED AS FOLLOWS:		
Dividend No. 210 at 8% per annum	$ 700,000.00	
Dividend No. 211 at 8% per annum	700,000.00	
Dividend No. 212 at 8% per annum	700,000.00	
Dividend No. 213 at 8% per annum	700,000.00	
	$ 2,800,000.00	
Contribution to the Pension Fund Society	325,000.00	
Appropriation for Bank Premises	300,000.00	
Balance of Profit and Loss carried forward	3,198,146.37	
		$ 6,623,146.37

M. W. WILSON, President and Managing Director

S. G. DOBSON, General Manager.

Montreal, December 23, 1940

Insurance

Marine Insurance Act Urged for Canada

Legislation Lacking in Both Dominion and Provincial Field Except British Columbia — British Act Used as Reference

Although Canada ranks fourth among the trading nations of the world, in normal times shipping merchandise to and from all parts of the globe, she has no specific marine insurance law. Neither have any of the provinces except British Columbia. Consequently, with this one exception, if any dispute arises regarding a marine insurance contract, nobody knows just what the law is or how the terms of the policy should be interpreted. Accordingly, an insurance legal authority states, "marine underwriters . . . are issuing policies without knowing what their rights and obligations in the different provinces are." Importers and exporters are similarly handicapped.

Of General Interest

But the question is not only one that affects business done outside, but also within the country, where a large volume of goods is carried annually by water on the lakes and rivers. Thus marine insurance is a matter of interprovincial as well as international interest.

For instance, grain shipped from the prairies may travel part way to Montreal by lake and river, under an insurance contract made in Winnipeg. It may go across the Atlantic under a contract also made in Winnipeg. Yet if something goes wrong and a law suit arises requiring interpretation of the terms of the policy, what law would prevail?

Marine men would like to have the uncertainty cleared up and best way, it is believed, would be to have a uniform marine insurance act passed in the different provinces, so that insurers and traders in Canada and abroad would know definitely what the insurance law in Canada is.

At first glance marine insurance would seem to be a subject for Dominion legislation.

Under Provincial Jurisdiction

But the object of any legislation would be the regulation of the insurance contract and that in recent years has been admittedly regarded as within the field of provincial jurisdiction. Privy Council decisions have supported this view. Accordingly the Dominion for some years has avoided legislation of this kind, confining its efforts to questions of solvency and licensing of companies.

The Rowell-Sirois Commission in its report noted this situation and recommended that the division of jurisdiction in insurance matters be definitely stated.

Accordingly the Dominion has shown no active interest in any proposal to enact a marine insurance law.

The provincial superintendents of insurance, however, on several occasions have discussed the question and have a special committee studying the advisability of enacting a marine insurance part in the insurance acts now in force in most of the provinces.

Guidance Lacking

As things stand now, except in British Columbia, a Canadian law court asked to settle a dispute must look to the general laws of contract. In Quebec there is much marine legislation included in the Civil Code and more guidance is available there than in any of the other provinces where there is no definite act. Reference to the Marine Insurance Act of the United Kingdom is available, but this is not binding.

In Ontario the common law is that existing in England prior to 1792 (when the first legislature of Ontario, then Upper Canada, was formed) with such alterations as have since been made by custom or statute since.

Sections of the Quebec Civil Code affecting marine insurance have also been based on the common law. This would therefore give these provinces a common basis on which to work. The same situation would probably be found among other provinces, especially the older ones.

But precedents and references in the English common law prior to 1792 affecting marine insurance are not readily found. Many conditions have arisen in the last 150 years which were not known or contemplated before that time.

In one case which arose recently a cargo shipped from Canada to England was insured under a policy contract made in Ontario. Difficulty arose over a point which was not dealt with clearly in the policy. The question was whether Ontario or English law should apply. But no guidance was found either in Ontario legislation or in the common law as accepted in the province. It appeared the only course was to apply British law.

In public discussions of the provincial superintendents of insurance the British Columbia Act has been mentioned as a model which might be followed by other provinces. This Act is based largely on the Marine Insurance Act of the United Kingdom of 1906. It appears to meet with the approval of many underwriters who emphasize that it would give certainty in marine insurance where none now exists.

Blizzards and Icy Roads call for Extra Care In Driving

Even if you are insured with

THE GENERAL ACCIDENT GROUP
357 BAY ST., TORONTO

The WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

Foreign Exchange

During the week Dec. 23 to Dec. 28, there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Dec. 28

Australia	3.58	N. Zealand	3.61
India	.3372	S. Africa	4.47
Japan	.2608	Hong Kong	.2646

THE BRITISH AMERICA ASSURANCE COMPANY
TORONTO · CANADA
INCORPORATED 1833
FIRE
CASUALTY
AUTOMOBILE
MARINE
AVIATION

Automobile and General Casualty Insurance
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH, Chief Agent
CONCOURSE BUILDING TORONTO
Fire and Allied Lines Written in Associated Companies

Let's Make 1941 The Best Ever
NORWICH UNION FIRE INSURANCE SOCIETY, LIMITED
HEAD OFFICE FOR CANADA TORONTO
E. M. WHITLEY, *General Manager for Canada*
F. W. LAMONT AND C. C. PAULL, *Assistant Managers*

MANAGER

William Lawrie, who has been appointed manager for Canada and Newfoundland of the Phoenix Assurance and associated companies, succeeding the late C. W. C. Tyre.

Mr. Lawrie came to Canada from Scotland in 1910 and shortly after entered the service of the Phoenix at Montreal. In 1920 he became western manager. In 1934 he was appointed assistant manager at the Canadian head office at Montreal. He has been active in underwriters' association and insurance institute work.

Fire Insurance Notes

In checking up on time lost from work, a company discovered that more employees were injured in accidents on the way to and from work—that is between the home and the plant — than in accidents within the plant, says the Agents' Insurance Bulletin published by Associated Underwriters. To protect the employee during these most dangerous hours, the company took out blanket insurance covering the employees on their way to and from work, protection not given by government workmen's compensation schemes unless in very unusual circumstances.

* * *

Brantford was the Canadian winner in the International Fire Prevention Week contest for 1940, the results of which have just been announced.

Quebec City was second in the Dominion, with Edmonton, Hull, Que., Simcoe, Ont., and Kenora, Ont., following in order.

Fire departments of the competing cities were judged on performance and proportion of fire loss.

Life Insurance Notes

In an annual anniversary contest of agencies of the Equitable Life of Canada, just concluded, the Montreal agency under Ralph Sheckell led the field staff producing 175% of its quota of new business and winning the company's "Lighthouse" Trophy.

* * *

Life insurances sales in the United States in November showed a decrease of 4.5% from November last year. The total for all classes of life insurance was $560.9 millions. New ordinary insurance at $391.8 millions was down 5.7%.

For the first 11 months of 1940, total sales were $6.6 billions, a decline of one half of 1% from 1939. New ordinary insurance for the 11 months at $4.6 billions was three tenths of 1% higher.

Life Insurance Problems

Par or Non-Par

An insurance agent has suggested that I buy non-participating life insurance instead of participating. Which is the better for me? I want all the protection I can get.

There is no difference in the protection given by participating or non-participating insurance.. The difference is that participating policies share in the profits the company makes and get dividends accordingly. Non-participating policies do not share in profits and no dividends are paid. Premiums on the former kind of policy are higher than on the latter but the dividends make a difference in the actual net cost. The profits of the company depend largely on interest rates.

If these stay where they are, dividends will likely remain at present levels. Any change up or down in interest rates would probably cause an increase or a decrease in the dividends.

Obituaries

Thomas A. Russell, president Massey-Harris Co., Russell Industries Ltd., Canada Cycle & Motor Co., Canadian Acme Screw & Gear Ltd., Galt Machine Screw Ltd.; 1st vice-president, Canadian Shorthorn Association; vice-president, Monarch Knitting Co., Sunshine Waterloo Co.; director, the Canadian Bank of Commerce, Canada Cement Co., Canadian Airways Ltd., Canadian International Paper Co., Mutual Life Assurance Co. of Canada, J. F. M. Stewart Co. Ltd., Toronto General Trusts Corp., Underwood, Elliott, Fisher Ltd., Arkwright Mutual Fire Insurance Co., Sawyer Massey Ltd., G. T. Fulford Co. Ltd., Royal Agricultural Winter Fair Association of Canada, aged 63, at Toronto.

James J. O'Neill, president Metropolitan Building, Toronto, aged 77, at Toronto.

George Willis, former manager of James A. Ogilvy's Ltd., Montreal, aged 69, at Montreal.

D. J. Kennedy, president Great Lakes Elevator Co. and William Kennedy & Sons Ltd. Owen Sound, aged 71, at Toronto.

United States Fidelity & Guaranty Company
TORONTO

Current Loans Of Royal Bank Show Increase

Annual Statement Reflects Greater Industrial Activity

From Our Own Correspondent

MONTREAL. — Royal Bank of Canada's financial statement for the year ended Nov. 30, 1940, in comparison with that for the preceding year, shows a moderate decline in earnings and total assets, but an increase in current loans in Canada. In general the changes in the statement are not of a major character and follow much along the same lines as those previously reported by other chartered banks.

Profit last year amounted to $3.5 millions after providing for an increase in taxes of approximately $620,000 and appropriations to contingency reserve. In the preceding year profit on the same basis amounted to $3.7 millions. After dividends and an increase of $75,000 in appropriations for the pension fund and bank premises, there was a balance of $101,894. This compares with $354,842 in 1939. Earnings per share after premises write-off but before pension fund contribution equalled $9.22 against $9.92 last year.

Decline in Deposits

The balance sheet shows total deposits amounting to $852 millions as compared with $911 millions in the previous year. The difference is accounted for mainly by reduction of $20 millions of balances due to the Dominion Government and a decrease of $48 millions in deposits outside Canada. Canadian public dedeposits actually increased $20 millions.

The greatly increased volume of business now being transacted throughout Canada is reflected in an increase in commercial loans of $17 millions. Loans outside Canada declined $10 millions.

Investments Lower

Investment in Dominion and Provincial Government securities was practically unchanged at $311 millions, while holdings of municipal and other securities declined from $72 millions to $49 millions.

The liquid position was strong with quick assets 66.5% of liabilities to public.

Profit and Loss Statement
Years Ended Nov. 30

	1940 $	1939 $
Profits*	3,326,894	3,724,842
Dividends	2,800,000	2,800,000
Pension fund	325,000	300,000
Bank premises	300,000	250,000
Surplus	101,894	374,842
Prev. balance	3,096,252	2,721,410
Carried forward	3,198,146	3,096,252

*After providing for Dominion and provincial government taxes and after making appropriations to contingency reserves out of which reserves provision for all bad and doubtful debts has been made.

Statement Highlights

	1940 $	1939 $
Dom. govt. dep.	20,462,767	40,167,411
Prov. govt. dep.	15,065,375	8,692,004
Deposits—Can.	609,203,083	589,048,357
Deposits—Foreign	195,403,465	243,348,966
Due to banks	12,253,507	30,262,472
Notes and dep., Bank of Can.	82,086,683	77,503,203
Other cash and bank bal.	124,504,705	156,980,347
Dom. & prov. govt. secs.	311,833,109	315,435,430
Munic. & other secs.	48,891,727	72,232,408
Call loans	17,638,183	25,151,148
Loans, Canada	231,234,467	215,321,154
Loans to prov. govt.	999,795	1,573,775
Loans to cities, towns, munic. & school districts	18,374,597	20,392,898
Loans, foreign	79,277,396	89,275,905

Banking

Chartered Bank Notes Circulation Drops

Rate of Reduction Rises to 10% of Paid-up Capital Annually Against 5% For Previous Five Years

Effective Jan. 1, 1941, the note circulation of the chartered banks, in accordance with existing legislation, will be reduced at the rate of 10% of the paid up capital annually, instead of the 5% rate by which it has been reduced in each of the last five years.

When the Bank of Canada was established in 1935, legislation provided that the note issue of the chartered banks should be reduced at the rate of 5% of the paid up capital for the next five years and 10% for the following five years, a total reduction of 75% of the paid up capital. Unless further legislation is passed, circulations will then remain at that level. The paid up capital meanwhile has remained constant at $145.5 millions.

The first reduction of 5% took place Jan. 1, 1936. Between Oct. 31, 1935, before the first reduction was put into effect, and Oct. 31, 1940, the latest date for which figures are available, note circulation of the chartered banks declined to $91.6 millions from $126.6 millions. Figures of the different banks follow:

	Oct. 31 1940	Oct. 31 1935
	millions of dollars	
Montreal	19.8	29.9
Nova Scotia	8.5	10.2
Toronto	3.6	4.8
Provinciale	2.8	3.7
Commerce	17.1	25.8
Royal	24.9	32.0
Dominion	4.7	6.2
Nationale	4.4	6.6
Imperial	4.9	6.7
Barclays (Canada)	0.4	0.3
	91.6	126.4

Below Legal Limit

The reduction of 5% effective Jan. 1, 1940, brought the total reduction to 25% for the last five years. On a paid up capital of $145.5 millions the banks were entitled to a circulation of $109.2 millions; so that the actual circulation of $91.6 millions was well within the legal limit.

It would appear, therefore, that they have not been making full use of their note issue privileges. By law, circulation as at Jan. 1, 1941, is limited to $94.5 millions.

Judging by past performance the actual figure is likely to be somewhat less than this.

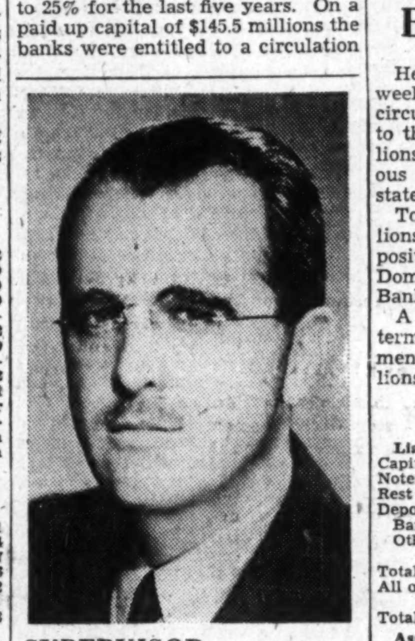
One reason the banks keep the note issue well below the legal limits is that a severe penalty is provided for breach of the regulations and the banks are all jealous of their reputation as law abiding institutions. Accordingly they are anxious there should be no transgression of the regulations, even inadvertently.

Reduction of the note issue of the chartered banks does not mean there is less paper money in Canada.

The statement of the Bank of Canada for the week ended Oct. 30, 1935, showed note circulation of $95.5 millions. On Oct. 31, 1940, it was $332 millions.

Total bank note circulation including notes of the chartered banks and the Bank of Canada on Oct. 31, 1940, was $423.6 millions against $221.9 millions on Oct. 31, 1935. This increase has reflected the growth in business.

While notes of the chartered banks are not legal tender they circulate as freely as notes of the Bank of Canada. But they are convertible into Bank of Canada notes any time, every chartered bank being required to redeem its notes on demand at par at any of its branches.



SUPERVISOR

Frank S. Moffitt, who has been appointed by the Royal Bank of Canada to the new position of supervisor of investments. Mr. Moffitt has been working on the bank's investments at the head office since 1934.

Weekly Statement Bank of Canada

Heavy demand for cash in the week before Christmas brought note circulation of the Bank of Canada to the new high level of $359.8 millions up $7 millions from the previous week, according to the bank's statement with effect Dec. 25.

Total deposits were down $11 millions, decreases being shown in deposits of the chartered banks and the Dominion Government with the Bank of Canada.

A decline in holdings of short-term securities brought total investments down $7 millions to $563 millions.

Balance Sheet

	Dec. 25 1940 $	Dec. 18 1940 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	359,860,151	352,770,939
Rest fund	2,449,757	2,449,756
Depos.: Dominion	18,284,156	17,380,079
Bank	212,468,907	217,051,783
Other	5,272,123	5,463,471
Total deposits	228,025,186	239,895,333
All other liabs.	7,397,291	6,465,344
Total liabs.	602,732,385	606,581,372
Assets		
Reserve:		
In sterl. & U. S.	29,615,745	27,342,014
Subsidiary coin	617,031	671,683
Investments:		
Dom. Gov. short.	434,960,245	441,881,735
Other Dom. Gov.	128,288,683	128,799,492
Total invest.	563,248,928	570,681,227
Premises	1,758,082	1,740,165
All other assets	7,492,599	6,146,283
	602,732,385	606,581,372

Provincial Bank Earnings Shaded

Liquidity Ratio Better at 77% — War Loan Narrows Deposits

From Our Own Correspondent

MONTREAL.—Net earnings of the Provincial Bank of Canada, before taxation and write-offs, totalled $436,684 in the year ended Nov. 30. This compares with $457,173 in the preceding year. After greater provision for taxes, profit of $291,084 is shown, against $346,873 last year. This is equal to share earnings of $7.28 compared with $8.67 the year before without deducting premises write-off.

Total assets amounted to $55.9 millions at Nov. 30, a decrease of nearly $9 millions from the end of the previous fiscal year.

Quick assets at the end of the 1940 period amounted to 77% of public liability, against 75% at Nov. 30, 1939.

Subscription to Canada's war loan is held responsible for the small contraction of deposits with the bank.

Income and Surplus Account
Years Ended Nov. 30

	1940 $	1939 $
Net earnings*	436,684	457,173
Less: Res. for taxes	145,600	110,300
Net profit	291,084	346,873
Less: Dividends	240,000	240,000
Premises w/o	50,000	50,000
Surplus for year	1,084	56,873
Add: Prev. surplus	247,908	241,035
Less: Conting. prov.	......	50,000
Surplus forward	248,992	247,908

*After making appropriations to contingency accounts, out of which full provision for bad and doubtful debts has been made.

Chief Items in Balance Sheet

	1940	1939
Assets		
Cash	4,563,784	4,979,757
Deps. at other banks	6,785,714	3,967,923
Dom. & prov. secs.	8,555,834	18,103,139
Can. munic. secs.	12,250,478	12,696,408
Other securities	1,305,660	1,756,909
Call & short loans	3,481,123	3,391,012
Loans & discounts	15,810,416	16,630,238
Liabilities		
Deposits, int. bear.	37,065,036	40,259,122
Deps., non-int. bear.	10,817,736	12,630,977
Dep. due other bks.	21,440	3,930,265
Res. fund & surplus	1,248,993	1,247,906

Bank Chat

Canada's chartered banks have to lend money to make profits, G. H. Owen, manager of the Bank of Montreal at Gananoque, told the Lions Club of that city.

For this reason bankers have to say yes most of the time. But loans at all times must be made with a reasonable certainty that they will be repaid.

Canadian banks are strong and in excellent condition to meet all obligations largely because they do say "No." Sometimes because:

The man seeking credit is not credit worthy.

The project of another man is not credit worthy.

The would-be borrower is not well known.

The loan applied for is not a banking transaction.

The funds the banks have to lend he emphasized, are the savings of depositors and the investments of shareholders. A banker as custodian has this fact constantly in mind and his experience teaches him to be on guard against ways of spending borrowed money that are likely to lead to loss or possibly failure.

TRADE WITH GREAT BRITAIN
The ramifications of the Royal Bank of Scotland throughout Great Britain and the entire World enable it to handle every description of British Empire and Foreign Banking business.
Head Office: EDINBURGH
254 Branches in All
LONDON:
Chief City Office: 3 Bishopsgate, E. C. 2
ROYAL BANK OF SCOTLAND
(Incorporated by Royal Charter 1727)
Total Assets ..... $429,679,150 ($5 to £1)
Associated Bank: Williams Deacon's Bank Ltd.

THE ALPINE INN
Laurentian Mts. . . luxurious log chalet . . . new modern building . . rooms with bath—sprinkler protected, and every up-to-date convenience.
Two ski tows and "Hill 60" on property . . proximity to Mount Baldy . . European and Canadian ski instructors . . other interesting activities for the non-skier. Write, booklet, The Alpine Inn, Ste. Marguerite Station, Que.

MANOIR PINOTEAU AT MONT TREMBLANT
In the Laurentians, at base of famous Mont Tremblant . . near chair ski-lift. Every comfort at moderate rates. Write, bklt., Manoir Pinoteau, Lac Tremblant, P.Q.

HOWEVER YOU TRAVEL . . . CARRY YOUR MONEY SAFELY
Canadian Pacific Express TRAVELLERS CHEQUES
OBTAINABLE FROM ALL CANADIAN PACIFIC AGENTS AND MOST BANKS

CHANTECLER

OPEN HILL SKIING!
In the centre of the Laurentians, north of Montreal . . . this new and colorful resort hotel . . . ultra-modern . . . early Canadian architecture . . . private baths . . . sprinkler fire protection system . . . tastefully appointed.
High in elevation . . . 2 ski-tows nearby . . . abundant open hills and practice slopes beside hotel . . . official ski school . . . long down-hill runs . . . night skiing by floodlights . . . other winter activities.
Write or phone, THE CHANTECLER, Ste. Adele, P.Q.

Life Insurance

Promptly Paid Premium Prevents Later Irritation

What happens when you don't pay your life insurance premiums on time?

Failure to pay is in reality a breach of the contract on the policy-holder's part and the life companies claim to be pretty tough about it. They stress the danger of the policy lapsing and the possible difficulties in getting it reinstated. In reality, however, their bite is not as bad as their bark.

They don't like to see policies lapse. In addition they realize they are dealing with human nature and all its frailties. Procrastination in paying bills is one of the most common of human foibles and the companies know it. Life insurance legislation even makes provision for it.

According to law, therefore, the holder of an ordinary life insurance policy has a period of grace of 30 days from the date when the premium is due in which to make payment. In the case of industrial policies the grace period is four weeks.

The Uniform Life Insurance Act in force in all Canadian provinces except Quebec sets forth the ways in which late premiums may be paid. It includes a post office order or postal note, a cheque (payable at par, of course), a draft, express company money order, or cash delivered personally or by registered letter. It stipulates that payment by letter shall be deemed to have been made at the time of delivery and registration of the letter at any post office. That means payment is considered to have been made when you mail the letter, not when the company receives it.

In Quebec legislation practically the same provision is to be found.

Where the policy matures, during the period of grace and before the overdue premium is paid, the law provides the policy is just as much in force as if the premium had been paid on time. But it also provides the amount of the premium with interest at 6% per annum may be deducted from the insurance money.

Paying premiums within the days of grace is the best course for both policyholders and companies. It helps to reduce costs, for if several reminders have to be sent to a million policyholders it adds substantially to total expenses and thereby reduces dividends.

If Cash Value Exhausted

Then, too, if there is little or no cash value in the policy, you haven't the protection of the automatic premium loan or extended insurance protection and if you stretch the period of grace to suit yourself, there is the possibility the policy will lapse and your protection will be gone.

The Act provides that where a policy has lapsed it can in most cases be reinstated within two years if the insured presents evidence of insurability satisfactory to the company and pays all overdue premiums. The possibility of not being able to provide such evidence is one of the risks you run by letting the policy lapse.

If policies in force before the outbreak of war are allowed to lapse, you also run the risk of having the war clause added when the policy is reinstated, an important consideration if you are thinking of going overseas.

Jump of 78% is Shown By Urban Building

Urban building swung upward in Canada in Nov., 1940, value of permits issued recording a jump of 78% over the same month in 1939. This raised the cumulative gain for the first 11 months of 1940 to 37%.

Total of permits in the 58 key centres for which comparative figures are available is reported by the Dominion Bureau of Statistics at $7,530,566 for November, compared with $4,186,930 in Nov., 1939. The total for the 11 months is shown at $73,799,268, compared with $53,688,802 in the same period of the previous year.

For the past year the D.B.S. has been obtaining building permit figures from an expanded roster of 204 municipalities, but comparative figures for years prior to 1940 are not available for any but the 58 key centres. In Nov., 1940, permits issued by 148 of the municipalities totalled $10,864,343, and the cumulative total for the 204 centres to the end of November is reported at $105.1 millions.

New Licenses

The following companies have been licensed by the Dominion Department of Insurance to write the lines of insurance indicated:

Canadian Indemnity Co.—Fire, accident, automobile, burglary, earthquake, limited or inherent explosion, forgery, guarantee, hail, inland transportation, personal property, plate glass, sickness, sprinkler leakage, tornado, insurance against loss by accepting counterfeit money or any other kind of fraud, falling aircraft, civil commotion, and insurance against damage caused by vehicles.

The Stanstead & Sherbrooke Insurance Co.—Fire, falling aircraft, tornado, limited hail, sprinkler leakage, limited or inherent explosion, civil commotion, and insurance against damage caused by vehicles. Hon. Jacob Nicol, Sherbrooke, has been appointed chief agent.

The Provincial Bank of Canada

CONDENSED STATEMENT — 30th NOVEMBER, 1940

ASSETS

Cash on hand—(Notes and cheques on other banks and notes of the Bank of Canada)	$ 4,563,784.14	
Deposits with other banks	6,785,713.73	
	$11,349,497.87	
Dominion and Provincial Government direct and guaranteed securities maturing within two years	1,915,752.70	
Other Dominion and Provincial Government direct and guaranteed securities maturing beyond two years	6,640,081.20	
Canadian Municipal securities	12,250,477.67	
Other bonds, debentures and stocks	1,305,660.37	
Call and short loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	3,481,122.53	
Deposit with the Minister of Finance	140,978.00	
	$37,083,570.34	
Loans and discounts in Canada, including advances to Municipalities and School Districts	15,810,415.71	
Liabilities of customers under letters of credit and other assets	132,044.89	
Real Estate other than Bank Premises, and Mortgages	786,361.49	
Bank Premises	2,074,699.45	
	$55,887,091.88	

LIABILITIES

Deposits not bearing interest	$10,817,736.45
Deposits bearing interest	37,065,035.88
Notes of the Bank in circulation	2,651,448.00
Deposits and balances due to Banks in Foreign Countries	21,439.84
Letters of credit outstanding and other Liabilities to the public	19,908.01
	$50,575,568.18
Dividends due Shareholders	62,531.08
Capital Paid Up	4,000,000.00
Reserve Fund and Surplus	1,248,992.62
	$55,887,091.88

THE GENERAL MANAGER,
THE PROVINCIAL BANK OF CANADA, Montreal.

The above is a condensed statement of the Balance Sheet submitted to the Shareholders which has been compared with the books of the Head-Office and with the certified Branch Returns. We have obtained all the information and explanations that we have required.

In our opinion, the transactions of the Bank which have come under our notice have been within the powers of the Bank and the above statement discloses the true condition of the Bank, after making provision for losses and doubtful accounts and as shown by the books of the Bank.

(Signed) JACQUES LaRUE, C.A.
(Signed) L. E. POTVIN, C.A.

Montreal, December 21, 1940.

PROFIT AND LOSS ACCOUNT—30th NOVEMBER, 1940

Balance at credit of Profit and Loss Account—November 30th, 1939		$247,908.19
Profits for the year ended 30th November, 1940, after making appropriations to contingency accounts, out of which accounts full provision for bad and doubtful debts has been made		436,684.43
		$684,592.62
Less:		
Provision for Dominion and Provincial Government taxes	$145,600.00	
Written off real estate	50,000.00	
		195,600.00
		$488,992.62
Quarterly dividends at the rate of 6% per annum:		
Paid March 1st, 1940	$60,000.00	
Paid June 1st, 1940	60,000.00	
Paid September 3rd, 1940	60,000.00	
Payable December 2nd, 1940	60,000.00	
		240,000.00
Balance at credit, 30th November, 1940		$248,992.62

FOR THE BOARD OF DIRECTORS:

(Signed) J. R. CHOQUET, Chief Accountant.
(Signed) CHS. A. ROY, President
(Signed) J. U. BOYER, General Manager.

THE FINANCIAL POST

Largest Circulation of All Canadian Financial Papers

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The "Southern Cross" Puzzle

Toronto Gift Spotlights Swedish Mystery Man

At a ceremony in Toronto next week, the University of Toronto will be formally presented with a research grant of $10,000 from the Viking Foundation.

As stated in the recent announcement of the gift, the Viking Foundation is an organization seeking to foster scientific and other research. It was founded and financed by Axel L. Wenner-Gren. But the published reports of the donation did little to answer the question: Who is Axel Wenner-Gren?

The limited data available on this somewhat secretive individual, coupled with certain events of the past year and a half, provide the following answers:

He is the rich Swedish industrialist, with broad international interests, whose sumptuous yacht, the "Southern Cross," carried the Duke and Duchess of Windsor on their recent trip from Nassau to Miami.

He is a so-called "intimate friend" of Marshal Goering, Nazi leader, and was a key figure in negotiations which ended the Russo-Finnish war—reportedly at the instance of Goering.

He is the arms manufacturer whose yacht happened to be near the liner "Athenia" when it was torpedoed just after outbreak of war, and rescued a number of the survivors.

He is the man whose yacht cruised Canada's Pacific defense area last summer, where it was temporarily relieved by Canadian officials of a small arsenal of rifles and machine guns.

Focus of Interest

Despite his great wealth, varied interests and apparent wide influence, he is one of the world tycoons least known to the majority of people. The events in which he has been a background actor in the past year or two, and his current role as a benefactor of the University of Toronto, make him of definite and immediate interest to Canadians.

His appearance as a background actor in important episodes in various parts of the world was ostensibly due, in most cases, to unique and repeated coincidence. In some measure, however, foreknowledge and design seem to have played a part.

Mr. Wenner-Gren controls a big electrical appliance industry centred in Sweden, with ramifications in the United States and other countries. From this hub of his fortune and industrial power, his interests extend also into lumbering, the pulp and paper industry, mining, Foerens aircraft, and the Bofors armament works.

His wealth and position, and the wide scope of his interests, make his influence in the affairs of many countries potentially great. It would be only natural for him to exert that influence from time to time, especially to protect his industrial empire from the upheavals of war.

There is some evidence that he has on occasion exerted such influence in the realm of international affairs, not without success, and may still be seeking to make it felt.

Unfamiliar Figure

Though he controls power and resources at the command of few other men in the world, Axel Leonard Wenner-Gren is relatively unfamiliar in the countries embraced by his activities. He is, of course, better known in Sweden than elsewhere. Even there, public acquaintance has been little more than enough to rate him as a rich industrialist and munitions maker, and (by his own appraisal) an unpopular man in his own country.

In other countries and particularly on this continent, the name Wenner-Gren means little or nothing to the public at large. And to those to whom his name carries some—though usually limited—significance, he is largely a man of mystery; his operations and position in world affairs a source of puzzlement and speculation.

This speculation has been stimulated during the past year or so by fleeting appearances of Mr. Wenner-Gren as an active participant in events in the world news spotlight; or behind the scenes at strategic points in international affairs. Almost invariably, Mr. Wenner-Gren has not been the leading figure but has tended to keep in the background. Yet there seems little doubt that he filled an important role in each case.

Travels on Big Yacht

In several of the major incidents in which he has come most decisively into public view, he has been aboard his big sea-going yacht, the "Southern Cross." Reputed to have cost him $2 millions to buy and equip, this vessel of 1,851 tons gross is rated the largest privately commissioned yacht in the world.

It was formerly owned by Howard Hughes, who inherited millions drawn mainly from production of oil well drilling tools. Mr. Hughes is perhaps better known as producer of several spectacular movies, and as an aviation enthusiast and round-the-world flier.

Particularly since the outbreak of the war, Mr. Wenner-Gren has spent a large part of his time aboard the Southern Cross. It has served as both a floating mansion and a travelling office, from which he kept tab by two-way radio on his extensive industrial interests and the trend of world affairs. It has transported him on frequent journeys to various parts of the world, including transatlantic trips; to and from his lavish estate, Shangri-La, on Hog Island near Nassau, Bahamas; and on extended cruises.

The name "Shangri-La" is taken from James Hilton's book, "Lost Horizon," in which Shangri-La was a remote haven of peace and perfection.

Series of Incidents

The series of Mr. Wenner-Gren's appearances in the news, or private bobbing up in the background of news developments, make an intriguing study. As nearly as The Financial Post can piece them together, the highlight occasions are as outlined below. The various incidents are listed chronologically rather than in order of their importance.

The earliest date of which The Post has definite knowledge of Mr. Wenner-Gren's movements in the past 18 months to two years is April, 1939, when the Southern Cross was observed in the harbor at Nassau. Ostensibly he was on one of his periodic sojourns at this sub-tropical retreat. But it is not an unreasonable conjecture that he may have been seeking refuge from the world upheavals which, with his access to highly placed sources of information, he foresaw coming from the disturbing events then in progress abroad.

Saved "Athenia" Passengers

The next time he came to public attention seems to indicate that he believed the threat of a world explosion might be abated but, with his hopes dashed, was getting away from the zone of world war. Perhaps he had sought to avert the conflict but saw it was inevitable.

In any event, he was on his yacht on the European side of the Atlantic when the war broke out. By a unique coincidence he was in the vicinity of the liner "Athenia" when it was sunk off Scotland almost immediately after the outbreak of war.

The yacht and crew was close enough to the liner to be able to take a leading part in the rescue of survivors, a number of whom were picked up and later landed safely by the Southern Cross. Just how the yacht happened to be in the area at the time was never made very clear in the press dispatches about the sinking. It was reported he had left Stockholm only a day or two before war broke.

As nearly as can be learned, Mr. Wenner-Gren appeared at his Nassau estate not long after landing the Athenia survivors.

It was not long before he was on the move again. After the Russo-Finnish war broke out late in 1939, he was reported as one of a group of wealthy Swedes who contributed substantially to the Finnish war chest, and otherwise assisted the Finns to obtain munitions and other war supplies. With a controlling interest in the Bofors armament industry, he was in an exceptionally strong position to give such help.

Early in 1940, he was reported in Washington, arranging with Finnish officials there to assist in moving shipments of munitions to the beleaguered Finns.

Back to Europe

Apparently in the interest of giving further and more direct aid to the Finns, though perhaps for much broader purposes, Mr. Wenner-Gren travelled to Europe in Feb., 1940. It may have been a pure coincidence (such as his rescue of Athenia survivors) or it may have reflected the breadth of his interests, that he travelled on the Italian liner Rex. Aboard the same vessel at the time was Sumner Welles, emissary of the U. S. State Department, starting on his tour of European capitals to survey the war situation.

There is no definite evidence that Mr. Wenner-Gren conferred or talked with Mr. Welles, though it is believed they must have met during the trip. Mr. Wenner-Gren did engage in conversation, however, with associates of Mr. Welles accompanying him on the tour.

The coincidence that put Messrs. Wenner-Gren and Welles aboard the same ship at the same time—if it was coincidence—persisted when Mr. Welles arrived at Berlin. The Post learns from a most reliable source that Mr. Wenner-Gren stayed at the same Berlin hotel—the Adlon—as Mr. Welles, during the latter's stay in the German capital.

Talks With Goering

It will be recalled that while in Berlin, Mr. Welles conferred with Marshal Hermann Goering, No. 2 man in the Nazi hierarchy and director of the relentless air attacks against the British Isles. It was about this time—one very well informed source says only a day after Mr. Welles's parley with Goering—that Mr. Wenner-Gren called upon the Marshal and spent some time in conference with him.

It is quite possible that Mr. Wenner-Gren's visit had nothing to do with Mr. Welles's call, and that no more than casual allusion was made to the subject of Mr. Welles's talk. However, Mr. Wenner-Gren in the past has been identified as a "friend and associate" of the corpulent Marshal, and probably could have learned what Mr. Welles had to say if he had asked Goering.

Both Mr. Wenner-Gren and his American wife, the former Marguerite Liggett of Kansas City, studied in Berlin and have friends and associations there.

But subsequent events indicated that Mr. Wenner-Gren's chief interest in Berlin was only remotely connected—if at all—with the tour of Mr. Welles. For on March 13, 1940, the Russo-Finnish war was ended, at the price to Finland of important territory. And Mr. Wenner-Gren was subsequently reported as taking part in the negotiations for the Russian-Finnish mediation which led to the termination of hostilities. His negotiations, it has been stated, were undertaken after he had conferred with Goering.

On March 9, 1940, the New York Times carried the following dispatch from its Washington bureau:

"Wenner-Gren, Swedish munitions magnate, acted as the go-between in the Russo-Finnish peace negotiations, at the instance of Field Marshal Herman Goering, No. 2 Nazi, it was revealed in diplomatic circles of this capital today.

"The prominent Swedish industrialist, a particular intimate of long standing among Field-Marshal Goering's many Swedish friends, was in Nassau on a yachting excursion when he received a code message from the German air minister expressing Germany's desire to terminate the Russo-Finnish war and asking for his aid. Wenner-Gren proceeded at once to New York. He sailed on the Rex Feb. 17 . . ."

Presumably Mr. Wenner-Gren was able to take a key role in the peace negotiations not only because of his influential position with high officials of Germany, Sweden and perhaps other countries, but also as a source of funds, munitions and other resources for the Finns.

Safeguards Yacht

It was also about this time that Mr. Wenner-Gren took a step which seemed to indicate either extraordinary appraisal of coming events or else direct information as to the course of the war in the near future. As nearly as can be determined, it was some time in March or April of 1940 that the registry of his yacht, the Southern Cross, was transferred from Sweden to Panama.

The German invasion of Norway and Denmark, and pressure to swing Sweden into the German orbit, was launched April 9, 1940. The Nazis crashed into the Low Countries May 10, 1940. Was the registry of Mr. Wenner-Gren's yacht switched in confident prescience of these events, or was it just another of the unusual coincidences which seem to surround his activities?

Recognized registers of yachts in the years before the war, including 1939, listed the Southern Cross under the name of Rover Steamship Corp. (A. L. Wenner-Gren, managing owner), of Stockholm, Sweden; and its port of registry as Stockholm. It is now reliably reported to be registered under the Panamanian flag, in the name of Southern Cross S.A., 8 Calle Segunda, Panama, R.P.

At one time last spring he took his yacht from Nassau to Miami for the reported purpose of "forestalling seizure by the British in the event Sweden became embroiled with Britain." He was quoted as saying that "we (Sweden) may have to fight all three (Britain, Germany and Russia) for our neutrality."

Back to America

Late in the spring of 1940, Mr. Wenner-Gren appears to have returned to this hemisphere. After reportedly sojourning in Nassau and visiting points in the United States, he set off with his wife on an extended cruise in his yacht. After passing through Panama Canal, he made his way northward up the U.S. coast and spent considerable time cruising in Puget Sound, at the north end of the coast of Washington state.

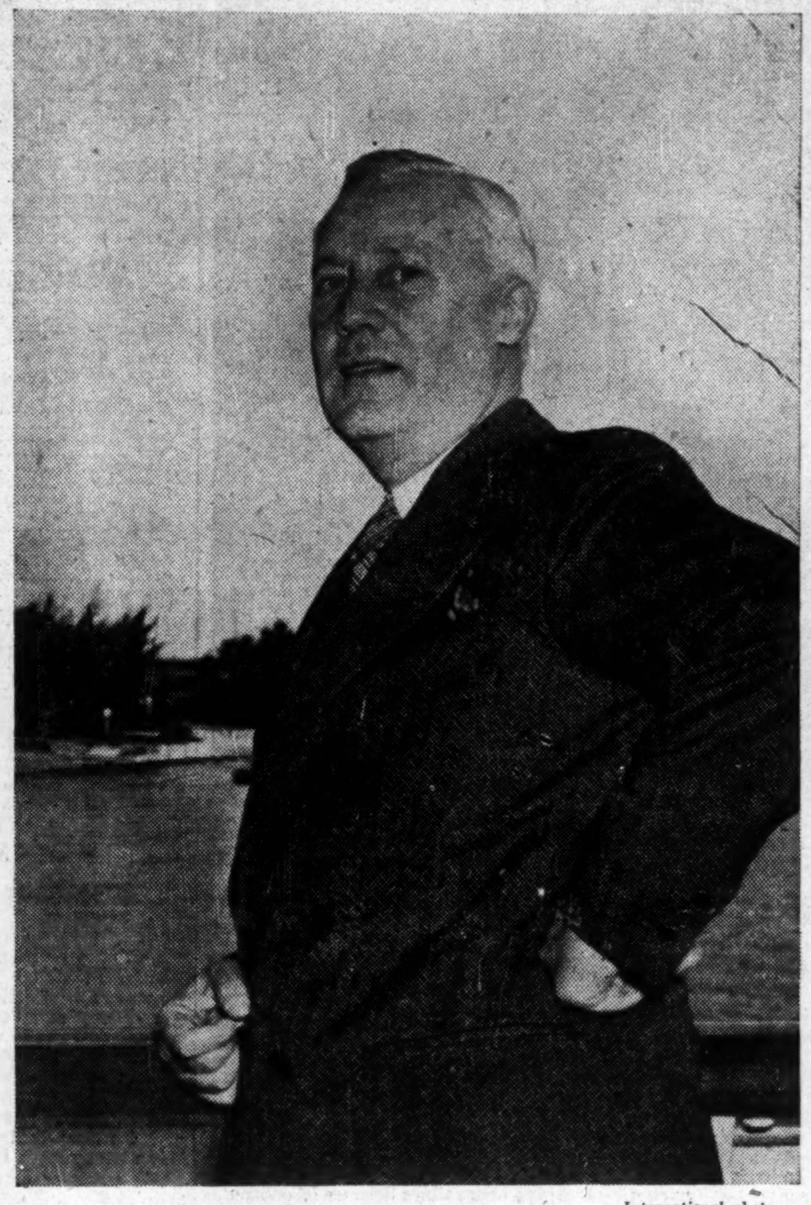
Even there he was unable to get away entirely from the atmosphere of war. Points around Puget Sound and just below the U.S.-Canada border are among the most heavily fortified areas on the continent.

Later he moved still farther north and cruised about in B.C. waters for about a month. His yacht arrived at Vancouver on July 31, and while there he was host at a reception aboard the vessel to a number of Vancouver people who had been rescued by the Southern Cross when the Athenia was sunk. A plaque commemorating the rescue was presented to Mr. Wenner-Gren in the course of his visit.

During the cruise of the Southern Cross off B.C., several machine guns and rifles aboard the yacht were taken over by the Canadian customs authorities and returned on departure of the vessel. The explanation offered for presence of the weapons on board was that a large vessel making extended trips in wartime needed some sort of protection against unforeseen eventualities.

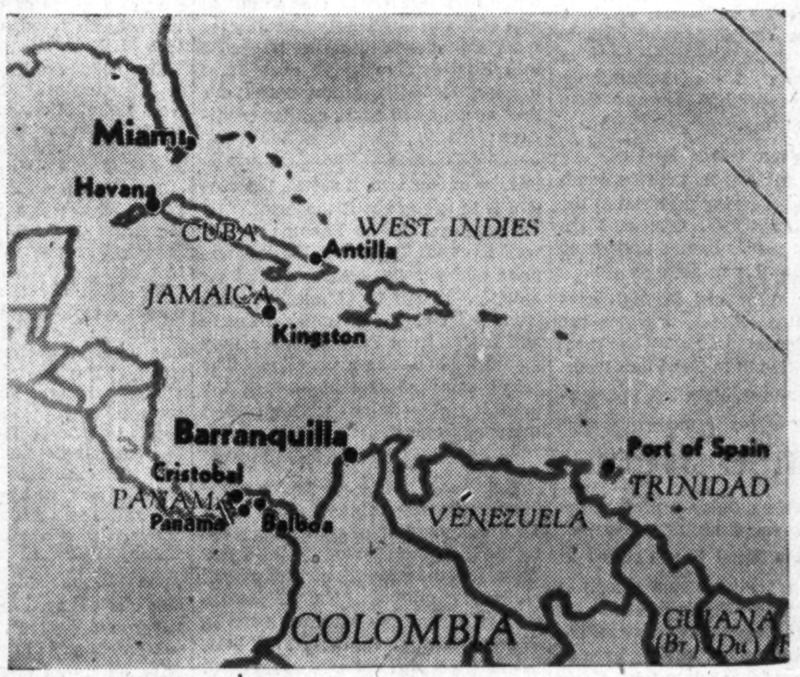
Even off B.C., Mr. Wenner-Gren was

(Continued on page 10)



—International photo.

Axel L. Wenner-Gren, Swedish industrialist and arms maker, and influential background figure in international politics, who has presented $10,000 through his Viking Foundation to the University of Toronto. He is a friend of Field Marshal Goering and was intermediary in negotiation of the Russo-Finnish peace. Mr. Wenner-Gren has also appeared in the past year's news as rescuer of survivors from the torpedoed liner Athenia and host aboard his yacht, the Southern Cross, to the Duke and Duchess of Windsor on their recent trip to Miami.



"The Panama Canal is the key to the whole United States defense programme . . . it doubles the striking power of the American navy . . . is of the utmost importance to the overworked British navy as well."

McEachern on Panama

Where World Defense Meets Nazi Intrigue

By R. A. McEACHERN
Staff Writer, The Financial Post

PANAMA CITY, R.P. — Our plane from Barranquilla flew west over the jungles of northern Colombia, with his historic Cartagena down on our right. Then we were well over the Sea of Darien, on across the Panama jungles and the home of the superprimitive San Blas Indians in their thatched huts on stilts, to Cristobal — accent on the second syllable.

Where is Colon, which in my school days was the Atlantic end of the canal? Just across the street—in the Republic of Panama.

Cristobal on the Atlantic side, Balboa and Ancon on the Pacific side, are the towns of the United States leased Canal Zone. Colon on the Atlantic and Panama City on the Pacific are Panamanian. Ancon is just an adjoining, residential section of Balboa.

Didn't Make Sense

A second bit of geography: Going through the canal from Atlantic to Pacific you travel not east to west, but north to south. And crossing the Isthmus by rail, as I did, the canal is on your right, which didn't make sense at the time, but eventually worked out all right.

A third bit: At the Atlantic end of the canal you are farther west than you are at the Pacific end.

The Canal Zone—spelt with capital letters since that is the official name—is, of course, the most vital link in Uncle Sam's entire system of defense and, without giving details in wartime, America appears to be packing its strip of ex-jungle, 42 miles long and 12 miles wide, with soldiers and fitting it with vast quantities of new equipment.

Every few miles on the two-hour train journey across the Isthmus there was another encampment in magnificent permanent buildings, stretching over whole city blocks where jungle had been turned into garden. And over on the canal enormous new locks are under construction. The Queen Elizabeth is too big for present equipment and some other ships that America might want to get through the Canal fairly often do so with only a few inches on each side and usually after tearing off lamp posts and other canal side equipment.

Glamorous Traffic

Panama—in the broad sense—has its romance as the axis of the two Americas, the funnel of the glamorous traffic between the Orient and Europe, the stopping-off place for peoples of all the earth.

Admirals, Wing Commanders and Generals—in costumes of various resplendence—are more common around the hotels than maiden ladies travelling alone and hopeful of aid, comfort and advice. Uniforms of one or other of the armed services are all over.

For Panama is the key to the whole United States defense programme; the most vital link in the American system. Its world famed canal practically doubles the striking power of the American Navy, permitting ships based in the Caribbean to operate in both the Pacific and Atlantic Oceans. With Japan an unknown quantity this advantage is of the utmost importance to the United States and to the overworked British and Canadian navies as well. Without American defense activity this country would be a jungle of malaria and yellow fever with a few thousand natives sitting in their thatched huts propped on poles above the swamps.

Super-Healthy Panama

Because of the United States, Panama is now one of the healthiest spots in the world, whether temperate or tropical. Virtually its entire business life depends on spending power of Uncle Sam's army, navy and air forces and on the tourists and transients who halt here from all parts of the world.

To say that this crossroads of all the world has the worst climate of all the world as well may be exaggeration, but even old inhabitants don't stick up for it.

During my days in the canal area the weather was supposed to be pretty good. The thermometer reading was never impressive. The nights were passably cool.

But it's the mildew I didn't like. It grows out of shoes and clothing with as rich a bloom as from old cheese. A strong electric light bulb shrouded with wire netting burned most of the time in the special wardrobe or cupboard in my hotel room. Late, indeed, I found that its purpose was anti-mildew, provided clothing and shoes were assiduously kept in the closet. Linen suits are used for everything, but those or a ski outfit will give about equal comfort.

They told me that in a few months my blood would cool down and I wouldn't feel sick all the time, but I noticed everybody else was dripping wet all the time. One Canadian resident there has thrown customs to the winds, supplied himself with a store of thick Turkish barber's towels. He carries two or three with him all the time and mops automatically hour after hour.

Scotch whisky and soda—from Scotland or Canada—is the only local drink. Veterans of years of Panamanian weather frown severely on gins, rum and frillier beverages.

There is nothing that is truly Panamanian here except the carnival before Holy week when the girls bring out carnival dresses—like crinolines with the "terraces" starting at the neck rather than at the waist. The population is made up of all the races in the world and the business streets are an astonishing cocktail of Fifth Avenue, Hong Kong, India and the native bazaars of the West Indies.

The political technique is sure fire and full of world dynamite. A bit of background:

Presidency a Family Affair

According to the Constitution of this 36-year-old republic, no president can be succeeded by any member of his family. The result is that for years past the presidency has been shared most of the time—by two families.

From 1932 to 1936 President was Harmodio Arias, graduate of St. Johns, Cambridge, and his rule was liberal, enlightened and called here the "banner years" of the republic.

Next term the presidency, however, reverted to the other family, the Arosemenas. Last year when it again became the Arias family turn Harmodio stepped aside in favor of his young doctor brother Arnulfo Arias.

The election result was pronounced a landslide success for Arnulfo, partly because the opposition leader, Ricardo J. Alfaro, was quite literally chased by Arias mobs to refuge in the Canal Zone, where Uncle Sam's police run things.

Voting methods sound foolproof. After casting one's ballot one dips the little finger of the left hand in mercurochrome and scrutineers are supposed to be on guard against any red fingered repeaters. But in spite of these safeguards the final count of voters for Arnulfo reportedly showed a bigger total than there are citizens in the Republic.

There is another safeguard also for the winner. There are two ballots; one for each president with the names of all his office seeking supporters right down to dog catcher. As a voter you walk into the polling booth; and you must publicly request which of the two ballots you wish. The political experts of the polling booth thereby know exactly whom you voted for and there is no opportunity whatever for malcontents splitting their votes. You are either in or you are out.

President Arnulfo, since he came into power in October, has been engaging in a series of polished insults for Americans and reportedly some bosom-pal backslapping for the Nazis.

This 36-year-old president, graduate of Harvard University, decorated by the French government for his brilliance as a surgeon, fancies himself as the Central American Fuehrer and for him mighty troubles seem to be brewing.

Pin-pricks for Uncle Sam

At a recent luncheon of the American Club, composed of U. S. business, professional, diplomatic and armed service men, young Arnulfo as guest speaker announced that he would not make speeches in English, that those who could not understand Spanish (which, I am told, applied to all but four of the hundred present) would be able to read the speech translated into English in the newspapers the next day.

Panamanian police have been instructed not to reply to questions in English, even if they know English, which most of them do.

An edict has just been issued prohibiting English language signs in the shop windows and the biggest electric sign in town has been changed from English to Spanish wording.

In this little republic filled with embassies and consulates and generals and so on, where diplomatic punctilio is such a large part of the life of so many people, Arnulfo has been seeing to it that the right people are insulted by not being invited to this and that; that the wrong people sit in the front rows and normally front-row, gold-braid people with long titles are put back with undersecretaries.

Arnulfo Apes Adolf

Under the new constitution—carried by a vote of 100 to less than one, last month—young Arnulfo hands himself mighty powers for seven years instead of the four for which he was originally elected. Along with that goes votes for women, some stuff about helping along the Youth Movement and other fine sounding things. After all, Arnulfo arrived politically under the banner of youth leader El Candidato de la Juvento.

The recent constitution changing shenanigans were planned precisely along the lines of a Nazi "demonstration" with marching, cheering throngs arranged for, everything else closed down tight to permit no competitive attractions, no beer gardens, no public drawing of the public lottery which for thousands is the big event of the Sabbath—nothing but the triumph of Arnulfo.

Harmodio Arias, the ex-president once removed, who was instrumental in putting his brother into power, is now bitterly opposed and there is a first-class family feud in progress. Harmodio owns one of the leading newspapers here, the Panama-American, and he has been carrying on running warfare with the brother's political principles.

Not Neutral "As Required"

The New York Times of Dec. 1 reports the warning tossed at Ted Scott, columnist and managing editor of Harmodio's

(Continued on page 10)

Toronto Gift Spotlights Swedish Mystery Man

(Continued from page 9)

unable to avoid odd coincidences. During the northward progress of the Southern Cross, it is reported, an R.C.A.F. plane flying within sight of the yacht went out of control and crashed, with no survivors among those in it. One or two wild rumors were circulated briefly as a result of the reported coincidence. These were dissipated when it was learned that a naval officer stationed at Vancouver had been aboard the yacht as guest of Mr. Wenner-Gren at the time the airplane crashed.

In the U. S.

From last summer until comparatively recently, Mr. Wenner-Gren seemed to drop out of sight, certainly as far as any public mention was concerned. But he is reported to have been in consultation with friends and associates in the United States, especially New York and Washington, in "recent months." And he is said to have set up a new concern in New York, Mawen Motor Corp., in collaboration with Emile Mathis, identified as French associate of Henry Ford until after the outbreak of war.

Mawen Motor Corp. is said to be experimenting with development of an air-cooled rotary motor of small size, suitable for use in either airplanes or automobiles.

Gift to University

Late in November and early Dec., 1940, Mr. Wenner-Gren was brought directly to Canadians' attention. It was announced that the Viking Foundation, established with funds provided by Mr. Wenner-Gren, had contributed $10,000 to the University of Toronto for research work in geophysics, mining geological problems and allied subjects. The Viking Foundation is a philanthropic organization with headquarters in Panama (where the Southern Cross is registered), and operates with the avowed purpose of fostering research and other scientific work.

Formal presentation of the donation is slated to be made Jan. 6 by Hans Lundberg of Toronto, Swedish mining engineer and geophysicist, through whom the gift was arranged after negotiation with Mr. Wenner-Gren and President Cody of the University of Toronto. Mr. Lundberg has been in friendly contact with Mr. Wenner-Gren since 1939, when the latter became interested in use of Mr. Lundberg's geophysical methods to locate a reputed deposit of pirate treasure in the Bahamas.

In addition to recognizing Mr. Lundberg in the gift to the University, Mr. Wenner-Gren is financing a prospecting expedition currently operating in South America under Mr. Lundberg's direction. Object of the expedition, being conducted by Dr. G. K. Lowther of Edmonton and associates, is to locate the original source of the fabulous treasures of the Incas.

Linked to U-235

The research work to be undertaken with the Wenner-Gren gift to the University of Toronto will be directed by Prof. E. F. Burton, head of the department of physics. By another of the coincidences which feature the acts of Mr. Wenner-Gren, this work will closely parallel — in fact, will be partly carried on in the same premises—the research work on U-235, the tremendously powerful element derived from uranium.

Whether the access Mr. Wenner-Gren will presumably have to progress of the geophysical research will also extend to developments in connection with U-235, is somewhat obscure but seemingly a possibility. The same applies to special war research in the field of physics being carried on behind closed doors.

President H. J. Cody of the University of Toronto emphasizes that Mr. Wenner-Gren's gift will not give the donor access to information on any research work, especially war research work, apart from the studies financed by his contribution. Dr. Cody does not think that the gift necessarily means that Mr. Wenner-Gren would be given any information, even on the geophysical work fostered by the Viking Foundation grant, though he could probably obtain this if he asked.

In view of this and the fact that the Viking Foundation had functioned for some years to support research of the type now being financed in Toronto, Dr. Cody could see no reason why the present gift should not be accepted. He admitted, however, that University officials had little information about Mr. Wenner-Gren at the time the gift was arranged.

The university president did not see that Mr. Wenner-Gren's reported connections and activities necessarily made it inadvisable to accept the gift.

Transports Duke

Close on the heels of his Toronto gift, Mr. Wenner-Gren again appeared in the news in a connection of interest to Canadians. It developed that the Duke and Duchess of Windsor would be transported from Nassau to Miami, for the Duchess' recent dental operation, aboard the Wenner-Gren yacht, the Southern Cross. Subsequently the Duke, now Governor of the Bahamas, returned to Nassau with the Duchess on the same vessel.

News dispatches indicated that Mr. Wenner-Gren travelled aboard the yacht on the journeys to and from Miami. News photos pictured Mr. and Mrs. Wenner-Gren whiling away their time in a Miami night club while waiting for the return trip.

Other dispatches reported the Duke was putting in his time, while waiting for recovery of the Duchess in Miami, in visiting friends and going shopping. He also found time, however, for his dramatic flight by plane to visit President Roosevelt aboard a U.S. warship at sea.

Only broad generalities were made public as to the subjects of their discussion. But it might not have stretched the long arm of Wenner-Gren coincidences too far for the Duke to have presented to the President, some of Mr. Wenner-Gren's views on international affairs. In the past Mr. Wenner-Gren has taken a close interest in world politics and has been an avowed worker for peaceful international relations.

But, judging from his reported rôle in the Russo-Finnish mediation, he favors an end of hostilities by concession of the status quo—a view that President Roosevelt this week indignantly rejected. And there is some evidence that Mr. Wenner-Gren is not a small influence in the thinking of the U. S. appeasement group. On that subject The Post may have more to say in a later article.

Modest Beginnings

The man who has taken such a leading though unofficial part in major world events in the past couple of years has risen from modest beginnings. The talent he now appears to be applying to sell ideas in world affairs, he once applied as a boy of nine to sell baskets and ash trays through a group of playmates he organized. He is now 58 years old.

The son of a Swedish count, he studied commercial subjects in Berlin. Later as a youth in New Jersey, he worked for 15 cents an hour in a New Jersey factory. In this and other plants he was able to make a close, first-hand study of U.S. industrial methods, which he later combined with his flair for sales organization to lay the foundations for his huge industrial fortune.

The last war interfered with his plans for really big industrial operations. But in 1919, with a capital reputed to be only $32,000, he organized the Electrolux vacuum cleaner concern. Latest available data do not list him as chairman of the parent company in Sweden, but he held this position for some time. Electrolux machines are now a trade name known throughout the world and capital of the enterprise is reported to be more than $30 millions.

Interests in U. S.

In 1926, Mr. Wenner-Gren sought to interest Alfred P. Sloan, Jr., now chairman of General Motors, in production of a patented automatic refrigerator. When Mr. Sloan reputedly hesitated because of the price, Mr. Wenner-Gren later sold rights to the mechanism to Servel Inc. Through sale of these rights and through subsequent purchases of Servel holdings, Mr. Wenner-Gren appears to have become the principal if not the controlling figure in this large concern.

The Electrolux vacuum cleaner was first introduced on this continent in 1924, from which year until the early 1930's units were manufactured in Stockholm and imported into the U.S. The Electrolux Corp. of New York (statutory office Dover, Delaware) has been manufacturing cleaners in its own plant in Connecticut since 1933.

Several of the directors of Electrolux are also directors of Servel Inc. Mr. Wenner-Gren was chairman of the Servel board for several years up to and including 1937, but has not been listed as a director for the last two or three years. Nor does he appear as an officer or director of the Electrolux Corp. of New York.

Mr. Wenner-Gren is also known as "the Swedish pulp king," and by latest reports is chairman of the Swedish Pulp Co. He acquired his dominating interest in the Bofors armament works through purchase from Krupp of Germany of the controlling interest in the patents for the Bofors cannon and machine gun.

Bofors anti-aircraft guns and other types of armament are being used in the present war by the British forces and, it is said, by other countries, including Germany.

Big American guns guard the strategic Panama Canal but Nazi intrigue is reported active in the surrounding Republic of Panama.

Central America Will Buy If Canada Learns to Sell

By R. A. McEACHERN
Staff Writer, The Financial Post

PANAMA CITY, R.P.—Canada's trade to the "Banana republics" as they have been called is so far not large but the Dominion has a very assiduous trade commissioner here, W. H. Brighton. He maintains that it can be built into a sizeable and not-to-be-sneezed-at market. But some of our would-be exporters have much to learn.

The territory Mr. Brighton serves includes Costa Rica, Nicaragua, Venezuela, the Netherlands West Indies, Colombia and Panama. In a previous article I have outlined the trade situation in Colombia which in most respects is such a promising market as to stand by itself.

Bananas and Coffee

For the Central American countries, chief possibilities appear to lie in getting a bigger share of the business in machinery and odds and ends of consumer goods. On the other side is the fact that most of these countries are mainly anxious to sell coffee and bananas. So do a lot of the countries doing business with Canada and there is a maximum amount of coffee and bananas a Canadian can be induced to consume.

Though all these countries of Central America are bunched around the equator, the Canadian manufacturer of wearing apparel, for instance, should not conclude that everything but tropical clothing is out. Altitude is the main determinant of climate here, and there are thousands of people living in the mountainous areas who could use heavier than tropical clothing.

Cotton Goods Best

Another angle is that cotton goods are the good-wearing material in the tropics. Rayon type fabrics, I am told, fall to pieces before their time in this heat and humidity.

Strongly influenced through here by the United States, markets are generally accustomed to all the commodities common to Canadian trade.

Basic, of course, is the low purchasing power of the masses and their need for low-priced products. Basic, too, is the fact that at the present time at least Canada has not direct freight connection with Caribbean ports, which means high costs because of transshipment at New York. Outside of Panama, which is enjoying boom times because of enormous U. S. defense expenditures, the other countries have exchange control regulations which at the present time might cause some delay or hindrance to normal trade movement.

Learn Way of Buyers

Points emphasized in nearly all the conversations I had here on trade possibilities were that the will on the part of Canadian interests to get a foothold here, no matter how small to start with, was the first requisite; then to be willing to do business in the way most of Canada's competitors have long since learned to do it—the way of the buyers.

To take some of the best examples of how not to increase trade: Writing back from Canada telling the customer or prospective customer that unless he will correspond in English—rather than Spanish—the Canadian firm is not further interested. Already I have heard several comments about that. The Spaniard is above all courteous and his simplest language is flowery. The warmest letter in English will still sound to him cold and unfriendly. One letter from Canada telling the buyer to talk English or shut up does harm to every Canadian producer that the best of goodwill tours cannot eradicate.

Where World Defense Meets

(Continued from page 9)

paper. He is a New Zealander. According to The Times Scott has not been as neutral "in word and deed" as required and has received official warning that the Arnulfo Arias administration will not tolerate any deviation from that policy.

Scott's offense, which brought official recognition, was that he had furnished the manager of a local beer garden with a news bulletin which was read over the loudspeaker system announcing a British victory over the Italian fleet. Secretary of the Interior and of Justice Adolfo Guardia told Scott in the official warning that the Italian Minister was in the beer garden at the time and had been gravely offended.

Nazi "Studies" Town-planning

Despite this incident — so far, brother Harmodio, owner and publisher of the newspaper, has not been publicly attacked or threatened. Moreover the P. A. is carrying on a careful offensive against a certain Professor Karl H. Brunner.

Herr Brunner has just come to town from Bogota, where he came recently from Germany. He is said to have been professor of town planning at the University of Vienna.

Ostensible purpose of his visit to Panama is to make a thorough study of the city and environs for Arnulfo with a view to beautification, etc.

All of which may be praiseworthy except for the fact that this would give Herr Doctor Brunner full information about the waterworks and power systems of the Canal Zone, about the character of the new and giant defense works which Uncle Sam is now undertaking here, about everything that might be interesting to a potential enemy. For after all, Herr Brunner's record also lists him as an "expert in aerial photography."

The town planner has a letter in the papers here today saying "I am not a Nazi spy and Arnulfo likes me."

Snaps at Hand That Feeds

Arnulfo is trying to put things in the way of Uncle Sam's defense programme. He is trying to prevent the U. S. developing a giant air base at Rio Hata, up in the interior. He is trying to stir up the anti-American sentiment which, I am told, is always latent and very strong here.

The simplest explanation of Arnulfo's performance is that he is a Nazi-smitten theorist who dreams dreams. Perhaps he learned enough at Harvard to know Uncle Sam will do something about him the first time he goes too far and that meanwhile he can make himself a good fellow in some parts of Central and South America by snapping at the American hand that feeds his people.

The well-informed here tell me—though they have no positive proof to offer—that German and Italian residents are obliged through threat of trouble for friends or relatives at home to pay 20% of their income into the Nazi party funds through the office of the German consul here.

Business in Panama

But let us leave politics and intrigue and get back to normal life in this crossroads of two continents and two mighty oceans.

The Panamanian cities of Colon and Panama City show how this has been the world's stopping off place; later how it became a tourist business paradise. And Panamanian business streets are lined with a fantastic assortment of shops run by almost every nationality under the sun. Some are mere holes in the wall. Some are pretty much the same as town or community shops in Canada. Some are sizeable. One or two are modern air-conditioned — almost as smart as Fifth Avenue. But in all but the one or two, it seems, the custom is to argue about the price.

The Republic of Panama pretty well lives off the Canal Zone enterprise and purchasing power and off tourists. Tariffs on things like silks from the Orient, perfumes, lingerie and gowns from France—when they would be had—were very low. The result was and is that — when the price is right—tourist jowls drool at the shopping attractions.

Canal Zone Prices

The Canal Zone Commissary is one of the big things in life here. This is the system of stores, operated by the U. S. Government in the Canal Zone for the benefit of troops and civilian employees. That Commissary is one of the bitterest facts in Panama life. It operates at a little better than cost margin — made $1 million last year—on its duty free, wholesale-bought merchandise.

Here are a few of the results in price, roughly:

	Canal Zone Commissary Cents	Shops in Panama Cents
Potatoes	2	10
Mothballs	6	30
Sugar	2	10
Gasoline	9	26
Cigarettes	9	19

Panamanian businessmen don't much like the Commissary, especially when eggs in Panama get around 60 cents when they're a couple of dimes and less in "The Zone."

Canal Zone Privileges

The privilege of buying at the Commissary extends to some 15,000 employees of the U. S. working in the Zone and to their families. Amount purchasable per month is limited but — so rumor has it — sisters, cousins and aunts are always ready to see that the full buying privileges of canal employees are exercised. Hence, so far as foods, clothing and other necessaries of life, the Panamanian merchant merely gets what's left.

The puzzling, but historic hangover is the Canal Zone designation: gold and silver. You see it on post office wickets, lavatory doors and so on. Gold means "For white employees only"; silver, the same for blacks. The terms dated back to canal building days when whites were paid in gold coin, blacks in silver.

The official report of the Canal Zone administration for last year lists "3,500 gold employees, 11,000 silver employees"; also that 5,900 vessels passed through, that canal tolls amounted to $14 millions; that it represents an investment of $541 millions and that the United States now — under a recently revised agreement — pays the Republic of Panama $250,000 per year for use of the 552 square miles of territory.

Since health is a public problem throughout the area, the U. S. medical service is in charge of health not only in the Zone but also in the republic. The U. S. also collects Panama garbage and engineers its water supply.

Beyond that, however, U. S. intervention in Panama affairs scarcely goes. Though Canal Zone and Republic are only opposite sides of the street all through the area, the stranger can never know in what domain he stands. Two sets of license plates are required for motor cars. Each has its own police force. In both, however, traffic goes by the left as in Britain—nobody seems to know why.

The privilege of renting a house in the Canal Zone stands high. Social prestige may be part of it. The right to send children to Canal Zone schools which are an extension of the U. S. school system, seems to be regarded by some as the main factor.

No morning coats for formal occasions in the tropics. The British Ambassador to the Republic of Panama carefully and in detail outlines the dress expected of the Canadian callers going to see the president. Light colored linen suit and white, soft shirt, with special emphasis on a black bow tie and black shoes, the last two of which could be properly borrowed from the dinner outfit.

Pulp and Paper Industry

Overseas Newsprint Trade Hits High Level for 1940

From Our Own Correspondent

MONTREAL.—With shipments in November totalling 51,819 tons, exports of Canadian newsprint to overseas makets for the first 11 months of the past year aggregated 610,851 tons. Present indications are that for 1940 newsprint shipments overseas will reach the highest figure reported in some years. For all of 1939 overseas trade amounted to 477,594 tons and in 1938 to 475,779 tons.

Shipments last month showed an increase of roughly 19,000 tons over that reported for November, 1939. Compared with a year ago the principal gains were in exports to the United Kingdom, New Zealand, British India, Brazil and Mexico.

On the basis of returns for the 11 months ended November, 1940, compared with the like period of 1939, returns compiled by the Newsprint Association of Canada on the figures gathered by the Dominion Bureau of Statistics, show a falling off in trade only to the United Kingdom.

CANADIAN NEWSPRINT EXPORTS
(In short tons)

	November 1940	November 1939	Eleven Months 1940	Eleven Months 1939
EMPIRE COUNTRIES				
United Kingdom	11,277	5,779	137,170	172,348
Eire (Irish Free State)	1,171	....	8,581	8,862
Australia	11,958	11,838	159,154	125,806
New Zealand	2,389	234	27,797	22,883
British India, Burma and Ceylon	5,439	73	24,834	1,698
British South Africa	1,570	1,213	33,046	24,459
British West Indies	283	357	3,712	1,490
Other West Indies	112	1,130	1,797	4,051
LATIN AMERICA				
Argentina	6,005	5,001	73,275	29,040
Brazil	2,288	1,333	29,738	2,981
Chile	410	683	6,937	1,152
Peru	613	178	7,562	211
Uruguay	27	....	6,480	220
Venezuela	252	468	3,478	2,910
Other South America	578	468	4,859	1,031
Central America	227	581	3,213	1,876
Mexico	4,523	112	28,222	141
OTHER COUNTRIES				
Cuba	1,632	1,229	12,479	9,112
China	303	549	15,817	872
East Indies	58	258	9,474	1,921
Philippines	39	363	2,159	1,748
All others	665	995	11,067	3,601
Total Overseas	51,819	32,842	610,851	418,413
U. S. A.	224,767	221,155	2,368,485	1,985,019
Total Exports	276,586	253,997	2,979,336	2,403,432

Newsprint Bond Values Higher

Eight of Most Active Issues Score Good Gains in 1940

From Our Own Correspondent

MONTREAL. — While security values as a whole did not show much change in 1940, newsprint bonds reported advances in value of as much as 25 points. The trend of values for the eight most actively traded newsprint bonds over the past 12 months shows that all are selling well above 1940 low, while two issues closed 1940 at their high for the year.

The trend of values for 1940 follow:

	Latest Bid	1940 Low	1940 High
Abitibi, 5's	67½	42½	72
C. I. P., 6's	101¼	84	102¼
Cons. Paper, 5½'s	69½	46½	74
Donnacona, 4½'s	75½	65½	82
Great Lakes, 5's	93	80	93
M. & O., 6's	52½	29½	52½
Lake St. John, 5½'s	89½	84	92
Price Bros., 5's	97	89	99

Robert Gair Co. To Refinance

Announcement Made of Scheme to Eliminate Preferred Arrears

Robert Gair Co. plans a reorganization to eliminate arrears of dividends on its preferred stock, G. E. Dyke, president, has announced.

It is proposed to issue $10 principal amount of the company's 6% income notes, due 1972, one share of new 6% cumulative preferred of $20 par and three common shares for each present preferred share, including arrears of dividends. These arrears amounted to $9.75 a share at Dec. 31, 1940.

The plan would increase amount of 6% income notes outstanding from $3.2 millions to $5 millions and common shares from 574,646 shares to 1,133,822. Number of preferred shares would be unchanged.

This scheme has been presented to the chancellor for the State of Delaware but no solicitation of shareholder approval is planned at this time.

Mr. Dyke points out that the proposals aim at establishing a better balance in the company's capitalization between preferred and common stock. It will reduce the present disproportionate charge for annual interest and preferred stock dividends to a level better adaptable to the company's earnings experience and will eliminate the present preferred stock sinking fund which is a requirement before common dividends.

Brompton Pulp Payments Rise

From Our Own Correspondent

MONTREAL.—With payment of 90 cents on the common stock of Brompton Pulp and Paper Co. on Dec. 23, disbursements for the year totalled $1.50 against $1.10 in 1939.

The 1940 payments comprised three quarterly payments of 20 cents a share and the Dec. 23 payment of 90 cents. Payments totalled 55 cents in 1938 and $1.10 in 1937. No payments were made in the years 1932-36, inclusive.

The company has also declared a dividend of 25 cents a share, payable Jan. 15, to shareholders of record Jan. 2. It is the intention of the company to place the stock on a regular quarterly basis of 25 cents with this payment.

More than 99% of the 300,000 common shares outstanding are held by St. Lawrence Corp.

Inter. Paper Buys Out Agar

Largest Container Firm in U. S. Acquired — Big Kraft Outlet

From Our Own Correspondent

MONTREAL. — International Paper Co. has acquired entire capital stock of Agar Manufacturing Corp., producers of corrugated kraft shipping containers, according to announcement of R. J. Cullen, president of the company. The Agar firm has a present capacity of 150,000 tons of shipping containers yearly in plants at Whippany, N.J.; Somerville, Mass.; Chicago, Ill.; and Kansas City, Kan.

Agar Manufacturing Corp. has for years been Southern Kraft's largest customer for kraft liner board and corrugated material. Recently it has been purchasing its entire requirements of these products from Southern Kraft Corp.

Agar will be operated as a subsidiary of International Paper Co. by the present Agar staff under the continued direction of Calvin A. Agar, who has built the business to its present size—one of the largest in the industry. Mr. Agar also will become a director and vice-president of International Paper and Power Co.

JAMES W. SEWALL
Ruttan Block, Port Arthur, Ont.
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

COTTON FABRICS AND YARNS
TEXTILE DOMINION CO-LTD
COLONIAL Sheets and Pillow Slips
MAGOG Fastest Fabrics
DOMINION TEXTILE COMPANY, LIMITED
THE TEXTILE BUILDING, VICTORIA SQUARE, MONTREAL

International Paints (Canada) Limited

and Subsidiary Companies

Consolidated Balance Sheet—September 30, 1940

Assets

Current Assets:		
Cash in Bank and on Hand	$135,321.69	
Accounts Receivable, less Reserve of $29,000.00 for Doubtful Accounts	327,426.28	
Surrender Value of Life Insurance Policies	5,431.20	
Physical Inventory as certified by the Management, valued in respect of Raw Materials and Supplies at the lower of cost or market and as to Goods in Process and Manufactured Stock at Standard Costs, estimated by the Management	404,217.56	$872,396.73
Investments at Cost, less Reserve of $25,000.00		6,652.08
Deferred Charges to Operations:		
Prepaid Insurance, Taxes, etc.		12,296.48
Property Assets:		
Land at Cost, less write-down resulting from expropriation, Buildings, Leasehold, Machinery, Plant and Equipment, at cost, with the exception of certain properties which are carried at a value determined by the Chartered Trust and Executor Company in November, 1931, viz.: $25,000.00 plus subsequent additions at cost	$632,777.15	
Less: Reserve for Depreciation	320,928.82	311,848.33
Trade Marks, Patents, Formulae and Goodwill		190,001.00
		$1,393,194.62

Liabilities

Current Liabilities:			
Accounts Payable		$119,837.01	
Accrued Liabilities		940.16	
Provision for Dominion, Provincial and Other Taxes		93,862.99	$214,640.16
First Mortgage Ten Year 5½% Sterling Bonds: Due September 1, 1943	£30,000.0.0	$146,000.00	
Less: Redeemed and cancelled	18,000.0.0	87,600.00	58,400.00
	£12,000.0.0		
General Reserve			68,527.71
5% Cumulative Participating Preferred Stock: Authorized and Issued—42,000 shares of $20.00 each			840,000.00
Note: Dividends aggregating $6.00 per share have accumulated on the Preferred Stock of which $1.25 has since been declared payable on January 10, 1941. When all arrears of dividends have been fully paid up, the dividend rate will increase to 6%.			
Common Stock: Authorized and Issued— Class "A" — 20,860 Shares without par value		$104,300.00	
Class "B" — 7,140 Shares without par value		35,700.00	
		$140,000.00	
of which the total amount was attributed to Surplus, and applied by Directors to write down Goodwill, etc.		140,000.00	
Capital Surplus			10,087.69
Earned Surplus: Balance at September 30, 1940, as per statement attached		$ 64,845.06	
Appropriated for redemption of Bonds— For Bonds redeemed	$87,600.00		
For future redemption of Bonds	49,094.00	136,694.00	201,539.06
			$1,393,194.62

Approved on Behalf of the Board:
J. EDOUARD LABELLE, Director.
J. H. DAVEY, Director.

Submitted with our Report to the Shareholders dated December 6, 1940.
PRICE, WATERHOUSE & CO., Auditors.

Consolidated Statement of Profit and Loss and Earned Surplus for the year ending September 30, 1940

Profit from Operations, before provision for the undernoted items		$269,417.48
Miscellaneous Income		928.08
		$270,345.56
Interest on Bonds and Mortgages	$ 4,784.06	
Directors' Fees	2,000.00	
Executive Salaries	27,901.74	
Legal Fees	302.50	34,988.30
		$235,357.26
Provision for Depreciation		37,640.35
		$197,716.91
Provision for Dominion and Provincial Income and Profits Taxes	$ 86,187.62	
Transferred to General Reserve	19,771.69	105,959.31
		$ 91,757.60
Appropriated for future redemption of Bonds	$ 30,457.60	
Transferred to Reserve for Bad and Doubtful Accounts	8,800.00	39,257.60
		$ 52,500.00
Earned Surplus, Balance September 30, 1939	$ 64,900.35	
Exchange Profit on Redemption of Company's Bonds (£6,000.0.0)	2,380.00	67,280.35
		$119,780.35
Dividend paid on Preferred Stock, December 21, 1939	$ 52,490.00	
Net Loss on Sale of Capital Assets	2,022.41	
Adjustment in respect of Provincial Profits Taxes	422.88	54,935.29
Balance Earned Surplus, September 30, 1940		$ 64,845.06

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of International Paints (Canada) Limited and its wholly owned subsidiary companies for the year ending September 30, 1940, with the exception of Stewart and Wood Limited, in respect of which, we have accepted accounts audited by another firm of Chartered Accountants. We have received all the information and explanations which we have required; and we report that, in our opinion, the attached Consolidated Balance Sheet at September 30, 1940, is properly drawn up so as to show a true and correct view of the state of the combined affairs of International Paints (Canada) Limited, and its subsidiary companies at that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies which we have examined and by the audited accounts of Stewart and Wood Limited.

Montreal, December 6, 1940.

PRICE, WATERHOUSE & CO., Auditors.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Dominion Alloy Steel

Can you tell me if stock of Dominion Alloy Steel Corp. is worth anything?

Value of your shares in Dominion Alloy Steel Corp. is somewhat questionable. In October the company's shareholders approved a financing plan giving authority for the issue of up to $2 millions of bonds. This followed a former reorganization in 1939.

The company's plant at Sarnia has been closed down for some time, but it was hoped in the fall to secure some war work and the financing plan arranged in October was to facilitate this end. Creditors' claims have been satisfied by the sale of machinery with the exception of two in which cases claims have been deferred and debentures to the extent of $21,750 accepted. The company was compelled to postpone payment of these debentures.

Brazilian Traction

Can you tell me what the chances are of Brazilian Traction resuming dividends on the ordinary stock?

Chances of a dividend on the ordinary stock of Brazilian Traction at this time are not any too good. The main factor is the deteriorating trade position in Brazil. It has not been lack of earning power which has kept the company from paying regular dividends, but rather the inability to get the foreign exchange out of the country with which to pay dividends in Canada or wherever else the stock is held. The war has apparently not helped Brazil to any extent and may in fact have shut off more markets than it has added.

A factor in considering Brazilian's current earnings position is that for the past two or three months comparison has been made between monthly earnings figures this year and earnings a month ago when the exchange rate was at approximately the same basis as today. Brazilian exchange dropped in the early summer of 1939. Thus, for a considerable period when earnings were converted into Canadian currency, they made an unfavorable showing with a year ago largely on this basis.

It is quite conceivable that profits for 1940 will be about equal to those for 1939 when final figures are available. Moreover, the United States policy of defense has included substantial financial aid to many South American countries and it is rather hoped that Brazil will eventually have some gains as a result. It is understood that Brazilian has substantial cash reserves outside the country, although just how large is not known. While it was impossible to obtain additional funds out of the country for interest or dividend payments, the company's policy was to conserve its resources to assure that senior obligations would be met regularly.

Harding Carpets

I would like the latest information on Harding Carpets. What dividend did it pay in 1940?

Harding Carpets Ltd. has been doing more business lately than ever before in its history. Operating earnings of $279,535 in the year ended Oct. 31, 1940, were up substantially from the $185,627 reported in the previous 12 months period. The heavier volume resulted from increased purchasing power in Canada, following the sharp upswing in industrial activity and, also, from improved conditions in the West.

Like many others, the company has been hard hit by increased taxes. Earnings in the four years ended in 1939—the base period for computation of "excess" profits taxes—fluctuated more widely than many other companies, as a result of which "excess" profits taxes fall heavier still. As a result, net profit for the latest year of $56,645 was down considerably from the $104,677 reported in the previous 12 months. Taxes of $97,000 were paid in the 1940 fiscal year, compared with $23,000 in the previous 12 months, while also cutting into the net results during the latest fiscal year was the creation of an inventory reserve, which absorbed $77,666.

The company has no bonds, and only common stock. The company has been distributing 10 cents per share, semi-annually, since Jan. 2, 1937, while extra payments of 5 cents per share were made on January and July 2 in 1940. Total for the year, therefore, was 20 cents.

Estevan, Sask., Debentures

I would like a summary of the position of debenture-holders of Estevan, Sask. Is the town paying anything at present? What are debentures worth?

Estevan, Sask., went into default in 1931. Without making any settlement of arrears, however, payments have been resumed and the town now is paying principal and interest in full. No interest on arrears of interest is being paid. Debentures in general are about five to six years in arrears.

W. L. McKinnon & Co., Toronto, has been acting for a substantial block of debenture-holders in attempting a settlement for arrears. A tentative proposal has been presented to the town for consideration, and the Saskatchewan Local Government Board has been asked to review it, as approval of the Board is necessary to carry any plan out. Decision of the Board is being awaited.

The proposal provides for refunding of principal and arrears of interest, but not interest on arrears of interest. New debentures would be issued to mature in 20 years; few of the debentures presently outstanding run beyond 1943. Interest would be at 5%, compared with the present rate of 5-6%.

The proposal would spread annual payments over a longer period and require less than half the annual charges than now legally required. About $14,500 would be required annually to service the debt, and in only two years since 1931 has the annual surplus been less than that. Surplus last year was $11,102.

Estevan is in an agricultural and coal-mining community where much depends upon the prosperity of the farmers. The improvement in the town itself this year has been only slight, but tax collections have improved and farmers in the surrounding district have had better crops.

Present nominal price on the debentures is about 35.

North Vancouver, B.C.

Kindly advise what the present position is of debenture holders of Burrard Inlet Tunnel & Bridge Co., guaranteed by the District of North Vancouver.

Position of the debenture holders of the Burrard Inlet Tunnel and Bridge Co., guaranteed by the District of North Vancouver, is uncertain. Not only has the company been in default for about eight years, but the same is also true of the District of North Vancouver.

It is not considered likely that there could be any reorganization of the Bridge Company until the District defaults have been taken care of. Attempts at reorganizing the District in the past have not been successful, and there is little to indicate there will be an early solution. A commissioner of the Supreme Court of B. C. is administering its affairs, and while some progress has been made in improving the position, it is by no means ready yet to resume interest payments.

The Bridge Company has not been able to pay its way since first entering business. It was hard hit by the washing out of a span of the bridge owned by the company about 1934. It was necessary to borrow $1 million from the Dominion Government to effect repairs, to be repaid at the rate of $50,000 principal and $50,000 interest annually. Interest has been paid, but no principal. The Government loan ranks ahead of the obligation to the bondholders.

Debenture indebtedness includes $35,000 of 5½% debentures, maturing in 1945, and $372,000 of 6% debentures maturing in 1973, both of which are guaranteed by the District of North Vancouver; also $35,000 of 5% debentures maturing in 1945, and $257,500 of 6% debentures maturing in 1973, which are guaranteed by the City of North Vancouver. Current quotation on the debentures is about 18-20.

Coast Breweries

I would like a general summary of the present position and outlook for Coast Breweries Co.

Coast Breweries Co. is a holding company for several British Columbia breweries. It also has an interest in companies operating in the U. S. Pacific States. In the year ended June 30, 1940, net profits were equivalent to 15 cents a share, compared with 14 cents in 1939. Regular dividends of 12 cents are being paid. Earnings have been relatively stable for a number of years, with a moderate gain shown in the latest period. It would appear the current dividend would not be increased unless earnings improved, as the company has been paying out practically all its earnings over the past couple of years. Its financial position is quite strong and appears adequate to meet its needs.

Effect of the war on brewing companies so far has not been at all serious. As a matter of fact, they appear to be benefitting from the increased general purchasing power available. Perhaps it should be kept in mind, however, that some further steps to restrict consumption of liquors might be necessary.

Industrial Mortgage

I am considering the advisability of disposing of my stock in Industrial Mortgage & Trust Co. I would appreciate information about selling them.

Shares of Industrial Mortgage Trust Co., Sarnia, are not very actively traded, but we understand the current market is around $25 a share. Some difficulty might be encountered, however, in disposing of any substantial number of shares. At the price mentioned, the yield on the $2 a share dividend paid for the past three years is over 8%.

This company is one of the smaller trust and loan concerns operating in the counties of Lambton, Middlesex, Huron and Perth in Ontario and having a small percentage of mortgages on properties in Saskatchewan and Alberta. Last year the company had a net profit of $30,753, equivalent to $2.42 a share on its stock, compared with $2.25 a share in 1938. The territory in which the company operates is a prosperous and stable one.

See Big Development Following War—Beatty

From Our Own Correspondent

MONTREAL. — Marked acceleration of industrial activity in Canada was reflected in the increased railway earnings for 1940. "In the case of the Canadian Pacific Railway," says Sir Edward Beatty, chairman and president of the company, "this increase will be gratifying, but will fall considerably short of the figures which in predepression years permitted railway operation on a sound economic basis, and gave shareholders a reasonable return on their investment."

Attention is drawn by Sir Edward to the part Canadian Pacific is playing in the war effort. Along these lines he mentions that the company's steamships on both the Atlantic and Pacific Oceans are under Admiralty direction and many of them in actual naval services. Losses so far include the "Empress of Britain," the "Beaverburn," and the "Beaverford."

"As in previous years," he continued, "some of our railway shops are being turned over to war work and undoubtedly will make a considerable contribution to the nation's productive effort. Many of our officers with special abilities in engineering and other branches of our work have been loaned to the British or the Canadian Governments. Almost daily there arise problems in the solution of which one or other of our departments is able to give advice or practical assistance."

Teach Important Lesson

After mentioning that it is not only difficult but impossible to make any accurate forecast of the type of development in Canada in after-war days, Sir Edward went on to say that of all the lessons which the war is teaching us, the most important is that the modern world is a unit, and that each nation's part in its progress must depend on general world conditions.

"One consequence of the war for which we may justly hope is a renewal of the development of Canada by encouraging the immigration of desirable types of settlers. The future of the nation will depend very largely on our appreciation of the fact that it is only by increasing population and production that this country can hope to solve the problems imposed upon it by past extravagance and the heavy cost of the present struggle."

Railways Do Part

Following a brief summary of the economic development of Canada since 1918, Sir Edward said: "It is significant that at a time when the country is well into a hitherto unequalled industrial development, we hear no word of criticism of the way in which its major transportation agency is carrying on this increasing task.

"This satisfactory situation has not been brought about by reason of vastly extended railway lines or by greatly increased equipment. Higher standards of efficiency in all departments of the railroad are responsible. Cars are carrying heavier and better-packed loads and engines of increased power are hauling more of them at a time. Roadbed and terminal facilities have been improved and railway workers are handling their various jobs with a higher degree of intelligence and consequent greater efficiency than ever before. It may be that some years of adversity resulting from the depression have tended to enforce this increased efficiency upon us, but in any case the result has been highly salutary and we have arrived at this time of another great war thoroughly confident to meet every demand that may be expected."

National Sewer Loss Lower

Improvement in operations of National Sewer Pipe Co. is reported for year ended Oct. 31, 1940, with net loss of $1,958 compared with $29,026 in the previous 12 months. Ryland H. New, president, reports large quantities of its products sold to the Dominion Government. Although this business largely increased the sales volume, Mr. New adds, it was taken at low prices that would not have been attractive under normal conditions.

The president also reports progress in the development of new processing at one of the company's plants. This, it is stated, has substantially improved the quality of some of its products and is expected ultimately to be used to advantage in a major portion of the company's operations.

The company has not paid dividends on its class A stock since Dec. 15, 1933. Arrears amounted to $16.80 per share at Dec. 15, 1940.

Alberta Note Act Appeal Dismissed

Supreme Court Rules Province Interferes With Dominion Right

Alberta's Debt Adjustment Act cannot interfere with the collection of promissory notes when its provisions conflict with the Dominion Bills of Exchange Act, the Supreme Court of Canada has ruled.

Appeal of the Attorney-General of Alberta and G. C. Winstanley, of Calgary, against a judgment favoring the Atlas Lumber Co. has been dismissed by the Dominion judicial body. Atlas Lumber Co. was the holder of a $1,000 note of Winstanley.

Act Ultra Vires

The trial judge ruled that the Bills of Exchange Act gave the note holder the right to enforce payment by action in provincial courts and that the Act was intra vires of the Parliament of Canada. The Debt Adjustment Act, however, as it applied to such action was found in conflict with the Dominion Legislation and ultra vires of Provincial legislature.

The Appellate Division of the Supreme Court of Alberta upheld this judgment and added that legislature could not take away rights conferred by Parliament.

Refinanced Ont. Centres Reduce Debts by 7%

Total Reduced to $44.4 Millions for 15 Municipalities Since Time of Defaults — Reserves Substantially Higher

Fifteen refinanced Ontario municipalities showed a reduction to $44.4 millions from $47.7 millions in gross debenture debt as of Sept. 30, 1940, compared with the time of default, according to figures released by the Dept. of Municipal Affairs, of which E. A. Horton is deputy minister. The reduction is equal to about 7%.

Another three municipalities, as well as 10 more in the Toronto area, have also been refinanced—a total of 28 out of 36 municipalities in Ontario which defaulted during the period 1931-38. Figures covering the Toronto group have been published in The Financial Post previously, while those for La Salle, Sandwich East and Sandwich West are not yet available — refunding schemes only recently having been concluded. Refunding of eight municipalities is pending.

Debts Lower for 13 Centres

Of the 15 municipalities shown on the table below, only one—Windsor—defaulted in 1931. Niagara Falls, Penetanguishene and Midland got into difficulties in 1933; six in 1934, Pembroke, Sudbury, Fort Erie, Kingsville, Leamington and Thorold; three in 1935, Trenton, Blind River and Calvert Township; North Bay in 1936 and Collingwood in 1938.

In all cases but two debenture debts are substantially lower. Collingwood's gross figure of $865,350 at Sept. 30, 1940, is up $27,278 from Dec. 31, 1938. Windsor debt of $31.3 millions is only $80,000 higher. A marked reduction in average interest rates paid on debentures is revealed, figures for seven municipalities revealing declines in all but one instance, Collingwood, whose figure of 5.03% is unchanged. Figures for the other eight centres are not given.

Bank Loans Almost Eliminated

In other important phases substantial progress also has been reported. Bank loans, totalling $8.6 millions at the time of defaults, had been practically eliminated by Sept. 30, 1940, the figure being down to about $404,000. Only four of the 15 municipalities had bank loans in September, compared with 14 at the time of default. Cash on hand jumped to $3 millions from $284,000.

Accounts payable during the same period declined to $542,000 from $1.2 million, while taxes receivable dropped from $7 millions to $2.7 millions. Only one of the 15 municipalities is now without reserves, compared with five at the time of defaults, while reserves of $7.5 millions at Sept. 30, 1940, jumped from the $462,000 total reported at the time of defaults. Current surplus increased by a wide margin to $3 millions, compared with $183,160 at the time of default.

A summary of statistics for each of the 15 municipalities follows. Another summary, covering the Toronto area, appeared in the Dec. 28, 1940, issue of The Financial Post.

Statistics of Refinanced Ontario Municipalities
At Time of Default Compared with Sept. 30, 1940

	Cash on hand $000	Bank loans $000	Taxes recev. $000	Accts. pay.† $	Total Reserves $000	Curr. surp. $	Gross deb. debt $000	Aver. inter. rate %
Eastern and Northern Ontario:								
Blind River:								
Dec. 30, 1939	27	226	60	18,112	39	48,115	54	2.0
Dec. 31, 1935	4	283	27	4,100	20	31,564	67	6.25
Calvert Township:								
Sept. 30, 1940	nil	12	91	14,390	71	39,458	236	5.0
Dec. 31, 1935	7	5	55	58,208	nil	d185	238	5.5
Collingwood:								
Sept. 30, 1940	56	nil	89	20,940	154	26,043	865	5.03
Dec. 31, 1938	2	nil	42	112,535	138	779	838	5.03
Midland:								
Sept. 30, 1940	37	nil	212	50,648	318	1,383	34	...
Dec. 31, 1933	nil	208	94	9,449	nil	d15,858	1,312	...
North Bay:								
Dec. 31, 1939	11	3	329	12,397	162	158,425	1,945	5.03
Dec. 31, 1936	11	329	460	38,736	70	53,310	2,428	5.5
Pembroke:								
Sept. 30, 1940	93	nil	134	44,908	190	122,420	657	5.27
Dec. 31, 1934	17	67	150	22,022	47	nil	823	5.28
Penetanguishene:								
Sept. 30, 1940	12	nil	128	21,372	123	823	175	4.5
Dec. 31, 1933	3	47	52	12,177	2	273	196	...
Sudbury:								
Dec. 31, 1939	155	nil	258	206,762	198	109,972	2,283	4.65
Dec. 31, 1934	61	640	506	74,801	32	130,692	3,125	5.2
Trenton:								
Sept. 30, 1940	24	nil	186	52,205	62	140,121	730	5.03
Dec. 31, 1935	21	64	187	16,646	68	63,508	860	5.21
Niagara Peninsula and Western Ontario:								
Fort Erie:								
Sept. 30, 1940	74	163	78	18,594	80	132,225	1,316	...
Dec. 31, 1934	1	261	227	4,557	31	56,605	1,534	...
Kingsville:								
Sept. 30, 1940	51	nil	26	7,964	nil	76,788	435	...
Dec. 31, 1934	2	16	111	19,570	nil	82,982	522	...
Leamington:								
Sept. 30, 1940	131	nil	54	9,681	45	62,310	*717	...
Dec. 31, 1934	4	22	91	2,635	25	1,019	*836	...
Niagara Falls:								
Sept. 30, 1940	238	nil	260	5,748	184	304,570	1,997	...
Dec. 31, 1933	nil	673	648	27,435	29	14,491	3,049	...
Thorold:								
Sept. 30, 1940	102	nil	91	910	155	17,898	608	...
Dec. 31, 1934	6	66	105	14,385	nil	d23,701	733	...
Windsor:								
Sept. 30, 1940	1,949	nil	734	115,911	5,723	1,746,740	31,266	...
Dec. 31, 1931	145	5,943	4,252	779,041	nil	d212,319	31,186	...

† Including amounts due to school boards.
d Deficit. * Including guaranteed debt.

Control Changes Of C. W. Lindsay

A. L. Mailman Accepting Stock Offered Through Guardian Trust Co.

From Our Own Correspondent

MONTREAL. — A. L. Mailman, Montreal, will take up the offered shares of C. W. Lindsay Co. Enough shareholders have signified acceptance of his offer to give him control of the organization.

The offer is to purchase the preferred stock for $50 a share and the common for $4 a share. This is the second offer made by Mr. Mailman. The first was to purchase the outstanding 6% of bonds and accrued interest for cash equal to 90% of the principal amount; $50 for the preferred and $4 for the common.

Mr. Mailman's initial offer was made May 27 and expired June 30. None of the shares deposited with Montreal Trust Co. was taken up by the offering party.

The offer was renewed by Guardian Trust Co., which reopened negotiations with Mr. Mailman. The trust company holds 25% of common stock and assumes responsibility for acceptances. The purchasers will take up the shares for cash through the Montreal Trust Co. There are 4,812 preferred shares, of $100 par value outstanding and 33,008 no par value common shares. In addition there is $300,000 of 6% first mortgage bonds in the hands of the public.

Winnipeg Cuts Tax On Utility Accounts

From Our Own Correspondent

MONTREAL. — Effective May 1 City of Winnipeg's special taxes on light and power consumption will be cut in half.

Bronze Powders Position Better

Chairman of Board Says Position Better Than Ever Before

From Our Own Correspondent

MONTREAL.—Supply position of International Bronze Powders and its Canadian subsidiary, Canadian Bronze Powders, is better than it ever has been, according to David A. Buckley, Jr., of New York, chairman of International Bronze Powders.

"We will, of course, face much higher taxation, both in U. S. and in Canada," says Mr. Buckley, "and we also have to eliminate from our calculation a great deal of business outside of the British Empire, but, despite this fact, we have been able by our efforts this year, to sustain a profitable business in the western hemisphere which will be sufficient to absorb the increased taxes and at least yield net as high as 1939."

Canadian branch capacity was largely increased in the present year. An official statement issued at the time of the annual meeting indicated that business of the company for the first quarter of 1940 was 51% over that of the same period last year. In some directions the company's markets were curtailed by the war, but others considerably expanded.

Northern Ontario Power Again Cuts Dividend

Northern Ontario Power Co. has declared a dividend of 12 cents per share on the common, payable Jan. 25, 1941. This compares with 30 cents paid Oct. 25, 1940, 33 cents in July and April and 60 cents in January. Total distributed in 1939 was $2.55 and in 1938, $3.

J. P. LANGLEY & CO.
C. P. ROBERTS, F.C.A.
Chartered Accountants
TORONTO
KIRKLAND LAKE
ONTARIO

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

Preparing Plan For Moose Jaw

Preliminaries Under Way Due to Council's Suggestion

From Our Own Correspondent

REGINA. — Moose Jaw, Sask., council is understood to have suggested to a bondholders committee that it prepare a plan to serve as a possible basis for settlement of outstanding differences between the city and bondholders. The city has been in default of principal and interest since 1938, and recently has been offering bondholders $37 on a $100 bond by surrendering certificates to the sinking fund. The offer brought protests from a debenture-holders committee.

The city's action, it is understood, does not necessarily signify its willingness to go ahead with a refinancing plan. It is thought possible, however, that if a basis can be arrived at which is within striking distance of the demands of both the city and debenture-holders, it will serve as a starting point for an ultimate settlement.

No immediate progress is anticipated. It is understood that Moose Jaw's 1940 figures will be used in working out any plan, and these will not be available in full until late in the winter.

Goulds Pumps Arrears Reduced to $42

Goulds Pumps, Inc., paid $4 per share, U.S. funds, on the 7% preferred stock, on Dec. 30, 1940, to shareholders of record Dec. 23. Arrears at Jan. 1, 1941, are $42 per share, a reduction of $2.25 from Oct. 1, 1940. Last previous payment was $1 on Oct. 1, 1940, the same amount as paid in April and July.

A $2 payment was made in 1939, but nothing was distributed in 1938.

CANADIAN SECURITIES
Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility and Industrial Financing
DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

CONFUSION or CONFIDENCE
Which will be associated with your estate? You alone have the power to decide. Confusion by the appointment of unqualified though well meaning executors, or confidence by the appointment of a reliable fully experienced and permanent trust company.
MONTREAL TRUST COMPANY
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J. F. HOBKIRK, Manager

Announcing....

"Investing in Canada's Mines"

A prize contest to stimulate informed discussion on how to invest in Canada's great mining industry under the new set of conditions arising out of war.

The Financial Post offers substantial cash prizes for articles designed to inform Canadians on the elements of a sound programme of mining investments.

In order to give point to the articles, it is desired that they should deal with the specific problems of the businessman-investor.

The articles will be judged, therefore, according to the manner in which they answer the following question:

"A Canadian business man, who has a good income from his own business and from a well-selected portfolio of other investments, desires to make an investment of $25,000 in the Canadian mining industry, primarily to obtain greater diversification and to hedge against inflation and other unknowns. He expects to secure a reasonable dividend return for his $25,000 but also desires some prospect of capital appreciation.

"Knowing little of mining investment and its particular characteristics he would like information as to the probable life of the mines he buys into, the possibility of future growth of the mines themselves, the likely net dividend yield after amortization if possible, the effect of taxation on his mining income, etc.

"What would be your choice of a portfolio for him?"

Prizes will be awarded as follows:

FIRST PRIZE - - $100.00
SECOND PRIZE - $50.00

In addition The Financial Post plans to run a number of the articles that do not win prizes. These will be paid for at regular space rates, or approximately $25 apiece. Their number will depend on the quality of the entries.

The contest rules are brief and simple. They are as follows:

1. Answers must be in the form of an article of not more than 2,000 words suitable for publication in The Financial Post.

   In addition to the text of the article the entry must include a list of the specific investments selected.

   Contestants are requested to list the portfolio on a separate sheet showing, for each security, the number of shares or principal amount of bonds, the name of the security, its price, and the current income yielded, if any.

   Answers will be judged not only on the selection of investments but on the general advice regarding selecting mining investments and the presentation of arguments in support of the policy proposed.
2. The manuscript must be typewritten on one side of the paper only. The contestant's name and address must be clearly shown.
3. Answers must be in the hands of the Mining Contest Editor, The Financial Post, 481 University Ave., Toronto, Ont., on or before February 1, 1941.
4. The contest is open to anyone who is not an employee of The Financial Post or The MacLean Publishing Co., Ltd., whether a subscriber to The Financial Post or not.
5. Only one answer will be accepted from each contestant.
6. Any manuscript submitted will become the property of The Financial Post and may be published by it. No manuscripts will be returned. Those published will appear under the name of the author.
7. Judges for the contest will be the editors of The Financial Post assisted by such outside authorities as they may desire to consult.
8. The Financial Post assumes no responsibility for the future performance of the investments selected by contestants.
9. In the event of any dispute or misunderstanding the decision of the editor of The Financial Post will be final.

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

THE WEEK'S QUOTATIONS

WEEK ENDING DECEMBER 28

Range 1940 High	Low	Div R'te $	Dec27 Y'ld %		Sales	Last Dec. 21	Week end. Dec. 28 H	L	Cl'se
				A					
2.50	.80	*	...	Abitibi ...	800	.75	.80	.75	.75
17½	2	*	...	Do. pref. 6%.	535	7½	7½	7	7
33	5½	*	...	Do. pref. 7%.	....	(10 bid 13½ asked)			
6	3	*	...	Acme Glove ...	....	(— bid — asked)			
57	45	6.50	...	Do. pref.	....	(40 bid 50 asked)			
12½	9	80+20c	8.7	Agnew Surp..	....	(11 bid 12 asked)			
110	105	7	6.5	Do. pref.	5	107	108½	108½	108½

Range 1940 High	Low	Div R'te $	Dec27 Y'ld %		Sales	Last Dec. 21	Week end. Dec. 28 H	L	Cl'se
22½	13½	1	6.4	Ford Motor A..	3585	15½	16	14½	[illegible]
21½	14	1	6.2	Do. (B)	....	(14½ bid 15½ asked)			
.20	.05	*	...	For. Pr. Secs...	....	(.15 bid — asked)			
15½	6	‡50c	..	Foundation Co.	30	13	13	13	[illegible]
20	6	*	...	Fraser Cos.	....	(8½ bid 9½ asked)			
21½	7½	*	...	Do. Vot. Tr...	130	9½	10	10	[illegible]
.50	.50	*	...	Freiman	....	(— bid — asked)			
41	25	*	...	Do. pref.	....	(.40 bid — asked)			
16½	9	80c	8	Gatineau Pwr..	1089	10½	10½	9½	[illegible]
97	79	5	5.6	Do. pref.	30	89	90	89	[illegible]

[illegible]

Mining Stocks

Week Ending December 28

[illegible]

Oil Stocks

[illegible]

Oil Quotations

[illegible]

Vancouver Stocks

[illegible]

No	.07½	.03	South End.......	......	(.01½ bid .... asked)	
No	.60	.21	Southwest Pete..	......	(.25 Sept. 11)	
1	.06	.02	Spooner........	......	(.04½ bid .... asked)	
25c.	.38	.11½	Sunset Oil......	......	(.10½ bid .... asked)	
No	.09	.03½	United..........	......	(.04 bid .... asked)	
No	.07	.03½	Vanalta.........	......	(.04 bid .... asked)	
1	.63	.23	Vulcan..........	......	(.35 Sept. 24)	
No	.05	.02	West Flank......	......	(.02 Nov. 9)	

*Quotations for 1939.

Winnipeg Stocks

(Transactions from Dec. 23 to Dec. 28)

	Sales	High for period	Low for period	Close Dec. 28
Springer Sturgeon	1,000	.17	.17	.17
United Grain Growers	2	9.00	9.00	9.00
Wingold	1,500	.08½	.08	.08

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Home Invest. ...	13	..
Beav. Lumber, c.	..	4	Nor. Can. Mtg. p.	5	..
Do., pref.	99	..	Nor. Trusts	7	..
Can. Airways ...	1	..	Traders Bldg. ...	43	..
Can. Indemnity .	150	..	West. Brew.	1⅝	2
Cres. Cream., pf.	..	15	West. Grain, p. .	..	7
Dom. Envelope, c.	8	..	West. Steel, p. ..	8	9½
Do., pref.	..	100	Wings	.33	..
Federal Grain, p.	..	30	Do., V. T.	.25	..

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Dec. 30	7,400	11,900	256,000	......
Dec. 28	8,200	5,700	288,000	89,950
Dec. 27	8,900	4,000	451,000	14,225
Dec. 26	5,700	3,900	381,000	......
Dec. 24	4,300	3,000	246,000	3,960

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dec. 31, 1940

Dominion of Canada Bonds

%	Due	Bid	Ask.	Approx. Yld.
1	Mar. '41	99¾	100¼	.30
5	Nov. '41	103½	103¾	.97
1½	May '42	100⅛	100	1.05
2	June '42	100¾	101¼	.96
3	Oct. '42	102	103¼	1.16
2½	June '43	102½	102¾	1.40
5	Oct. '43	108½	109¼	1.60
2	June '44	100¾	101¼	1.65
a2½	Jan. '44	92½	93½‡	4.65
4½	Oct. '44	108½	109¼	1.95
2½	Nov. '44	102	102¾	1.76
a2½	Aug. '45	91	92‡	4.43
4	Oct. '45	105¾	106½	b1.75
4½	Feb. '46	109¾	110¾	2.32
3½	June '49	102½	103	b2.65
3½	Oct. '49	102¾	103¼	b2.60
3½	Nov. '51	101	101¾	b3.00
3½	Feb. '52	101¼	102	b2.94
a5	May '52	99½	100‡	5.00
4	Oct. '52	105¼	106¼	b2.99
3	Oct. '52	98½	99	3.10
3	June '55	98½	99	3.09
4½	Nov. '56	107½	108½	b2.95
4½	Nov. '57	108½	108¾	b3.05
3	June '58	97¾	98½	3.11
4½	Nov. '58	109	109¾	b3.10
4½	Nov. '59	109½	110¼	b3.17
a4	Oct. '60	91¼	92½‡	4.60
a3½	Jan. '61	81¾	83½‡	4.53
3½	June '66	100¼	101	b3.17
a3e	Jan. '67	78½	79½‡	4.34
a3e	Nov. '68	78½	79½‡	4.28
†3	Perpet'l.	89	89¾	3.34

Dominion Guarant'd Bonds

Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100½	101¼	1.40
2½	Jan. '46	99¾	100¾	2.12
3	May '44	103½	104	1.76
3	Dec. '50	99	100	3.00
3	Feb. '53	97¾	98¾	3.12
3	Jan. '59	97	98	3.15
*4½	Sept. '51	115	116	2.80
*4½	Feb. '56	115½	116½	3.14
4½	July '57	115½	116½	3.20
*4½	June '55	117	118	3.19
5	Feb. '54	117	118	3.29
*5	July '69	114½	115½	b1.80
*5	Oct. '69	118¾	119¾	b2.94
*5	Feb. '70	118¾	119¾	b3.00

Grand Trunk Pacific Rly.:

%	Due	Bid	Ask.	Approx. Yld.
3	Jan. '62	98½	99½	3.05

Provincial Gov't. Bonds

%	Due	Bid	Ask.	Approx. Yld.
New Brunswick:				
3	Oct. '51	89	90½	4.08
3½	Aug. '49	91	92½	4.30
3½	June '56	91	92	4.21
c4	Nov. '47	97	99	4.17
c4½	Apr. '61	99½	101½	4.39
c5	Jan. '60	104	106	4.53
Nova Scotia:				
3	Jan. '52	92½	94½	3.61
3½	June '56	94	96	3.59
3½	Nov. '50	99	100½	3.44
c4½	Sept. '52	106½	108	b3.17
c4½	Nov. '60	107½	109½	3.82
c5	Mar. '60	112	115	3.89
Ontario:				
2½	May '45	100	101	2.26
3	Apr. '48	99	100	3.00
3	Nov. '50	98½	99½	3.09
3½	Nov. '51	100	101	b3.12
3½	May '55	99½	100½	b3.20
*4	June '62	108	110	3.34
4½	June '50	109¾	110¾	3.18
*4½	Jan. '62	114½	116½	3.39
5	Oct. '48	112	113	3.10
*5	Dec. '60	120	122	3.47
5½	July '46	112	113	2.96
Ont. Hydro Commission:				
3	Aug. '48	99½	100½	b2.95
3½	Feb. '53	100	101	b3.12
3½	Apr. '47	102	103	2.98
Prince Edward Island:				
3	Oct. '45	95	97	3.69
Quebec:				
3	Nov. '47	94¾	95¾	3.70
3½	Mar. '48	96	97	3.73
3½	Mar. '59	92½	94	3.96
3½	Feb. '55	97¼	98¼	3.91
4	Mar. '52	99½	101	3.89
4½	Aug. '58	101	103	4.01
4½	Jan. '63	104	106	4.08
Alberta:				
4	Dec. '54	60	64	d
4½	Oct. '51	68	..	d
c4½	Oct. '56	62½	66½	d
*5	Oct. '59	66	70	d
c5½	Apr. '52	70	74	d
6	Mar. '47	72	76	d
British Columbia:				
c4	Dec. '57	97	101	3.92
*4½	Jan. '51	100½	104½	3.95
c4½	Oct. '53	100½	104½	4.05
c5	Apr. '54	104	108	4.22
5½	Feb. '45	103	107	3.64
6	Feb. '47	104	108	4.48
Manitoba:				
c4	Dec. '57	89	93	4.60
c4½	Dec. '56	92	96	4.86
*5	Dec. '59	97	101	4.92
5½	Oct. '55	98	102	5.30
6	Apr. '57	100	104	5.26
Saskatchewan:				
4	Sept. '54	74½	78½	6.34
4	Nov. '60	73	77	5.99
c4½	Oct. '51	84	88	6.00
c4½	Mar. '60	79	83	5.99
5	Aug. '58	84½	88½	6.08
5½	Oct. '52	87	91	6.60
6	Mar. '52	90½	94½	6.70

*-Payable Can., N.Y. and £. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. a-Payable N.Y. †-Callable on or after Sept. 15, 1966. d-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium. ‡-N.Y. funds.

Unlisted Mines

Toronto, Dec. 30, 1940

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Acordia	.24	.27	De Santis (New)	.28½	.32	Magwell	.02	.05	Pontiac R (old)	.08	.09
Addington	.01	.02	Dona Pat	.01½	.02½	Martin B	.04	.05	Polaris	.12	.15
Albany R (Old)	.10	.12	E Lacoma	.00½	.01	Margaret	.08	.10	Propri'y	2.50	2.75
(New)	.20	.25	Elmos	.08	.09½	Matach C	.03½	.05	Preedor	.05½	.06½
Amal Kirk	.09½	.10½	Franco	.25	.30	Mat Con	.17	.19	Que Man	.05½	.07
Anoki	..	.03½	Galore	.03	.04	Moffatt H (new)	.01½	.02½	Rahn Lake	.01½	.02
Arjon	.03	.04	G Copper	.15	.17	Monarch	.01½	.02½	Rand Mal	.10	.10½
Aquarius	.24	.27	G'ay Pat	..	.01	Mooshla	.01½	.02½	R L Gold	.01½	.02½
Armistice	.07	.09	Gilbec	.00½	.01	Mosher	.06½	.07½	Sach R	2.75	3.00
Argosy	.08	.09	Gordon L	.00¾	.01½	McGregor	.02	.02½	Senore	.09	.12
Area	.04	.04½	Hiawatha	.04	.05	Nat Mal	.45	.48	Shenango	.02	.02½
Arno	..	.01½	Hoyle, new	.36	.38	Negus	1.06	1.07	Sheldon	.05	.07
Athona (Old)	.01	.02½	Hugh Pam	.08½	.09½	New Aug	.42	.45	Siscoe Ext	.01½	.02½
(New)	.02	.03	Hutch L	..	.01½	New Roy	.00½	.01½	Skynner L	.06	.08
Barber L	.02¾	.03½	Jason Mns	.50	.54	N Offsets	1.00	1.25	Smelters G	.01½	.02
Bilmac	..	.01½	Keora	.01½	.02½	Norbeau	.25	.30	Spooner	.02½	.03½
Bonetal	.48	.52	Kenricia	.01	.02	Norlake	.01	.02	Sunbeam	.03	.05
Brock	.40	.42	Kewagama	.02	.03	Nor 1940	.11½	.12½	Springer	.20	.22
Buf Beard	.01½	.02½	Kiena	.05	.07	Norwin M	.02	.05	Stadacona	.06	.08
Calder B	.02½	.04	Kir G'way	.01	.02	Oklend	.08½	.09½	Thom L	.13	.15
Cen Man	.02½	.03	Lacoma	.00¾	.01½	O'Leary M	.01½	.02	Thomp C	.03	.04
Cheminis	.04	.05	Lardego	.00½	.01	Opemiska	.03	.05	Treaty P	..	.18
Coin Lake	.04	.05	L Dufault	.21	.23	Oriole	.00½	.01½	Union M	.04½	.05½
C Chiboug	.04½	.07	L Geneva	.06	.08	Orpit	..	.01½	Wasu	.04	.06
Crescent	.01½	.02	Lowery P	.18	.23	Ossian	.00½	.01½	West R L	.04½	.06
Dayton	.01½	.02	Magnet C	.94	.99	Pascalis	.30	.32	Woco	.02½	.03½
Demp Cad	.00½	.01½	Magnet L	.19	..	Pelangio	.02	.03	Young D	.22	.24
			Manik	6.50	7.00						

Montreal, December 30, 1940

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Cad Exp	.02	.04	Cournor	.18	.20	Obalski	.01½	.02	Scott Ch	.02	.03
Chibmac	..	.02	Dubisson	.15	.17	Pan Can	.05	.07	Westwd C	.02½	.04
C. Pand'ra	.01½	.03	L Rowan	.04	.05						

Mining Dividends

	Rate	Close Dec. 28	Yield %
Anglo-Huronian	10c	2.75	...
Beattie Gold	16c+2c	1.20	*15
Bralorne	80c+40c	10.50	*11.4
Broulan Porc.	6c	.96	...
Buffalo Ankerite	‡31c	4.70	...
Bulolo Gold	$3	17.12	17.5
Can. Malartic	8c	.55	...
Cariboo Gold	16c+8c	2.35	*10.2
Central Patricia	16c+7c	1.90	*12.1
Chesterville	†5c	1.50	...
Cochenour Willans	†3c	.99½	...
Coniagas	‡25c	1.70	...
Coniaurum	16c+2c	1.55	*11.6
Cons. Smelters ...	$1+$1.25	38.00	*5.9
Delnite	‡6c	1.00	...
Dome Mines	$2	25.00	8
East Malartic	30c	2.85	10.5
Francoeur Gold	†3c	.48	...
God's Lake	2½c	.39	...
Goldale	2c	.16¾	...
Gold Belt	†2c	.29	...
Gunnar Gold	‡6c	.37	...
Hallnor	60c	5.15	11.6
Hard Rock	‡10c	1.04	...
Hedley Mascot	‡8c	.58	...
Hollinger	65c+45c	13.12	*8.3
Howey Gold	‡12c	.29	...
Hudson Bay	$1.75	26.50	6.6
Inter. Nickel, com.	$2	34.00	5.9
Island Mountain	15c	.80	...
Kerr Addison	‡15c	3.85	...
Kerr Lake	‡10c	.20	...
Kirkland Lake	10c+2c	.96	...
Kootenay Belle	‡12c	.25	...
Lamaque Gold	40c+10c	5.00	*10
Lake Shore	$2	19.00	10.5
Leitch	8c	.56	14.3
Little Long Lac	30c	2.10	14.3
Macassa	32c+3c	4.30	*8.1
Madsen R. Lake	6c	.63½	...
McGillivray Coal	3c+1c	.25	...
McKenzie Red L.	§12c	1.23	9.7
McWatters	10c	.23	...
Moneta	12c	.60	20
McIntyre Porc. ...	$2.05⅓+1ª	52.25	*5.7
MacLeod-Cockshutt ...	‡20c	2.30	...
Naybob Gold	4c	.31⅓	...
Nipissing	15c	1.26	...
Noranda	$4	57.00	7
North Empire	‡50c	6.25	...
O'Brien Gold	‡10c	1.15	...
Pamour Porc.	12c	1.69	7.1
Pato Cons.	20c	2.65	...
Paymaster	2c	.24	...
Perron Gold	16c+4c	1.69	*11.8
Pioneer, B.C.	40c	2.40	16.6
Pickle Crow	40c	2.90	13.8
Placer Develop.	$1.20	9.25	13
Premier	12c	.94	12.8
Preston E. Dome ...	20c+5c	3.50	*7.2
Privateer Mine	‡16c+2c	.55	...
Powell Rouyn	20c	1.05	...
Quebec Gold	‡2c	.28	...
Relief Arlington	†5c	.03	...
San Antonio	14c+6c	2.63	*7.6
Sheep Creek	16c+3c	.88	*21.6
Sherritt Gordon	10c	.82	...
Sigma Mines	‡45c	8.85	...
Silbak Premier	16c	.60	26.6
Siscoe	‡11½c	.56	...
Sturgeon River	†2c	.16	...
Sudbury Basin	2½c	1.30	...
Sullivan Cons.	‡9c	.65	...
Surf Inlet	†1½c	.10	...
Sylvanite Gold ...	20c+10c	2.90	*10.3
Teck-Hughes	40c+5c	3.50	*12.8
Toburn	8c+12c	1.53	*1.3
Upper Canada	‡6c	2.30	...
Ventures	15c	3.10	...
Waite Amulet	†10c	3.70	...
Wendigo	†3c	.21	...
Wright-Harg.	40c+30c	6.95	*10

*Yield including bonus. †Initial.

‡Paid in 1940.

ªAn extra dividend of $1.11 declared payable Jan. 2, 1941.

§Plus 1 sh. McMarmac Red Lake Gold Mines for each 5 shs. McKenzie held.

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Dec. 30, 1940

‡Abitibi P. & P. 5s, '53	69½	72½
‡Abitibi P. & P. 5s, '53	64½	67½
‡Alta. Pac. Grain 6s, '46 ...	98	101
Algoma Steel 5s, '48	102	105
‡Assoc. Tel. & Tel. 5½s, '55	70½	73½
Br. Col. Pr. 4½s, '60	99½	102½
Br. Col. Tel. 4½s, '61	106	...
‡Brown Company 5½s, '46 ..	49	52
‡Calgary Pwr. 5s, '60	106	109
Canada Cement 4½s, '51 ..	103½	106½
‡Can. Nor. Power 5s, '53 ..	104	107
Can. S.S. Lines 5s, '57	97	100
Can. Canners 4s, '51	100½	103½
‡Can. Int. Paper 6s, '49	101½	104½
‡Cons. Paper 5½s, '61	69½	72½
‡Dom. Gas & El. 6½s, '45 ..	103	106
Dom. Stl. & Cl. 6½s, '55 ..	108	111
Dom. Tar & Ch. 4½s, '51 ..	101	104
‡Donnacona Paper 4½s, '56	75½	78½
Famous Players 4½s, '51 ..	100	103
‡Federal Grain 6s, '49	98	101
‡Fraser Cos. 6s, '50	98	101
Gat. Power 5s, '49 (ex-w) ..	102	105
Gatineau Pwr. 3¾s, '69 B .	97	100
Gen. Stl. Wrs. 4½s, '52 ...	98	101
‡Gr. Lakes Paper 5s, '55 ...	93	96
Gr. Lakes Power 4½s, '56 .	98½	101½
‡Gypsum, L. & Al. 5½s, '48	98½	101½
Ham. By-Prod. Coke 5s, '55	101½	...
‡Inter. Hydro-Elec. 6s, '44 .	66½	69½
‡Kingston Elevator 6s, '50 ..	105	108
L. St. John P. & P. 5½s, '61	90½	93½
Maclaren-Q. Pr. 4s, '59	96½	99½
Maple L. Mill. 3-5½s, '58 ..	74	77
Massey-Harris 4½s, '54 ...	93½	96½
‡Minn. & Ont. Paper 6s, '45	52½	55½
Mont. L., H. & P. 3½s, '63	100	103
‡Montreal Trams 5s, '41	93½	96½
McColl-Front. 4½s, '49 ...	101	104
McCormick's 4s, '52	96½	99½
N. Scotia Stl. & Cl. 3½s, '63	84½	87½
Ottawa Val. Pr. 5s, '59 ...	102	105
‡Power Corp. 4½s, '59	96	99
Price Brothers 5s, '57	96½	99½
Quebec Power 4s, '62	101	104
‡Restigouche 6s, '48	97	100
Saguenay Pr. 4½s, '66 B ..	105½	108½
St. Maurice Pwr. 4½s, '70..	101	104
Shawgn. W. & P. 3½s, '46 .	101	104
Shawgn. W. & P. 4s, '61 ..	101½	104½
Shawinigan W. & P. 4s '69	101	104
Simpsons 4½s, '51	100½	103½
Smith, Howard 4½s, '51 ..	103	106
Union Gas 4½s, '50	102	105
Winnipeg El. A 4-5s, '65 ..	70	73
Winnipeg Elec. B 4-5s, '65	49	52

‡Payable in New York funds.

Supplementary Bond and Stock Quotations

Furnished by Plaxton, Cherry & Co., Toronto

Dec. 30, 1940

Miscellaneous Bonds:	Int. Rate %	Due	Bid Dec. 30	Asked Dec. 30	Bid Dec. 23
*†Alg. Cen. HBR	5	'59	7	7½	7
†B. C. Pulp	7	'50	108	112	108½
Can. Electric ..	4½	'65	96½	98½	96½
†Can Locomotive	6	'53	89	92	89
†Can. Vickers ..	6	'47	57	59	57½
Col. Steamship.	6	'54	95	97	95½
Dom. Scott. Inv.	4	'52	94	96	94½
Dom. Woollens.	6	'53	96½	98½	96
†Dufferin Pav. ..	5	'55	47½	51½	51¾
East. Dairies .	6	'49	82	84	83½
Galt Brass	3	'50	76½	..	77
Gt. Lakes Pwr.	5	'57	96	98	96½
*Gurney Fdry. .	5½	'49	68	70	68
Ham. By-Prod..	6	'56	100	102	100½
Ham. Cotton ..	4½	'50	100	103	100½
Indust. Accept..	4	'52	85¾	87¾	86
Inv. Bond & Sh.	5	'47	51½	54	51¾
*Kingston Elev. .	6	'50	105½	107½	105½
L. St. John P&P	5	'61	66½	69	68
Legare	6	'61	85	88	83½
L. St. Law. Pwr	5	'55	98	100	98
McCormicks ...	4½	'52	103	104½	103
Man. Sugar	5	'60	98	100	98
Moirs Ltd.	6	'53	78½	..	79
†Mtrl. Drydocks.	5	'48	41	44	41½
*M. & O. New . (when iss.)	..	..	76¾	77¾	76½
†Munic. Bankers	..	..	9½	10½	9
Price Bros.	4	'57	84	87	84
E. L. Ruddy ...	6½	'48	100½	103½	101
Silv. Dairies ...	5	'51	102½	105	102½
Silv. Dairies ...	6	'66	95	97½	95½
Stand. Lime	6	'44	97	99	97½
Sterling Coal ..	6	'45	96	99	95½
Stop & Shop ...	3	'47	61	63	61½
St. Maurice Pr.	4½	'70	101	102½	101½
Twin C. Rap. Tr.	5½	'52	67¾	69	68
United Corp. ..	5	'53	91½	94	91¾
†Wpg. Elec., B ..	4-5	'65	49	51	51

Miscellaneous Stocks:	Bid Dec. 30 $	Asked Dec. 30 $	Bid Dec. 23 $
Blue Top Brew., B	5.75	6.50	5.75
Brown Co., com. ..	1.00	1.50	1.00
Can. Tube com. ...	3.50	4.50	3.50
Can. West. Lumber	.50	.70	.35
Cap. Wirecloth c. .	5.50	8.50	6.00
Do., pref.	18.00	21.50	18.50
Col'gwood Ter., un.	.85	1.25	.90
Corp. Inv., A	5.85	6.30	5.85
Corrug. Paperbox, c	.70	1.00	.55
Dover Ind.	7.50	8.25	7.60
East. Bake., pref. ..	30.00	34.00	30.00
East. Stl. Prods., .p.	20.00	21.25	19.75
Hart Battery, com. .	6.00	7.25	6.15
Ind. Accept., pref. .	82.00	86.00	80.00
Int. Util., 1.75 pref.	16.25	18.50	16.25
Do., 3.50 pref. ...	34.50	38.00	34.25
Inv. Found., units .	42.50	44.50	42.50
Loew's London, p. .	2.50	3.25	2.60
Mid. Loan & Sav. ..	13.75	15.00	14.00
Moirs, 6% pref.	19.00	22.00	19.00
Mt. Royal, new c. ..	2.25	3.00	2.00
Do., old pref. ...	3.75	4.75	3.85
N. Amer. Elev., p. .	51.00	.....	51.00
Premier Trust	62.00	66.00	62.00
Prov. Bank	102.00	104.00	102.00
Tr. Fin. Inc. rts. ...	14.00	16.00	14.25
Trusts & Guar., old	25.00	26.50	25.25
Waterloo Mfg. new	1.15	1.75	1.00
Waterloo Trust	99.00	102.00	100.00
West Can. Hydro, p.	11.00	12.25	11.00

*Payable U. S. and Can. funds. *Payable U. S. funds only. †Traded without accrued interest.

Public Utility Earnings

New England Power Association
Cons. Income and Surplus Account
Nine Months Ended Sept. 30

	1940 $	1939 $
Gross earnings	43,301,796	41,711,598
Operating expenses .	31,819,298	29,285,963
Net revenue	11,482,498	12,425,635
Interest, etc.	8,899,471	8,942,685
Net profit	2,583,027	3,482,950
Pfd. dividends	2,983,138	2,651,684
Surplus	*400,111	831,266

*Deficit.

Municipal Bonds

Dec. 30, 1940

†Halifax ...	5	1961	111.00	115.00	3.93
Hamilton .	5	1950	111.60	113.60	3.30
Montreal .	5	1945	96.00	99.00	5.26
Ottawa ...	4½	1943	106.00	108.00	2.60
†Quebec ..	5	1939	106.00	110.00	4.21
Saint John	5	1950	102.00	105.00	4.38
†Toronto ..	4½	1953	110.75	112.75	3.35
†Vancouver.	5	1950	98.00	101.00	4.86
Winnipeg .	5	1944	101.00	104.00	3.65

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.85	2.90
Can. Amer. Trust	3.15	3.30
Grouped Income	...	5.15
Trans-Canada	10.50	11.35

Unlisted Stocks

Comparative Prices of Unlisted Stocks, 1938, 1939, 1940
(Furnished by A. J. Pattison, Jr., & Co., Toronto)

	Dec 31, 1938 Bid	Asked	Dec. 26, 1939 Bid	Asked	Dec. 31, 1940 Bid	Asked
Industrial Stocks:						
Acme Farmers Dairy, 7% pfd.	14.50	17.00	17.50	....	28.00	31.00
Andian National Corp. (div. $3)	35.00	36.50	33.50	35.00	27.00	28.50
Anglo Can Telephone, A	8.25	9.00	8.50	9.00	8.25	8.60
Anglo Can. Telephone, 5½% pfd.	....	....	48.50	49.50	45.00	48.50
Assoc. Tel. & Tel., $6 pfd.	....	31.00	30.00	33.00	25.00	31.00
Atlas Steels, com.	....	....	12.50	16.50	19.00	....
Atlas Steels, 7% cum. pfd	....	....	102.00	106.00	103.00	....
Barrymore Cloth, pfd	19.00	22.00	20.00	....	29.00	....
Blue Top Brewing, A	....	....	....	....	8.50	9.50
Blue Top Brewing, B	....	....	....	....	5.00	....
B. C. Pulp & Paper, com.	10.00	12.00	22.50	24.25	17.00	18.50
Do., 7% pfd	41.00	....	52.00	....	68.00	72.00
B. C. Sugar	80.00	84.00	92.00	95.00	73.00	76.00
Burns & Co., A	4.00	5.00	8.00	8.75	2.75	4.00
Do., B	1.50	2.00	5.25	6.25	1.00	2.50
Canada Tea, pfd.	18.00	23.00	22.00	24.00	....	24.00
Can. Co-Op. Wool Growers	....	....	6.50	8.00	6.00	8.00
Can. Goodrich, com.	....	....	1.25	....	1.25	....
Can. Industries, A com.	216.00	222.00	242.00	....	210.00	220.00
Do., B com.	209.00	213.00	236.00	239.00	202.00	206.00
Can. Ingersoll Rand	132.00	135.00	160.00	....	*77.00	81.00
Can. Tube & Steel, com.	3.50	5.00	7.00	8.00	4.00	5.00
Do., 1st pfd.	60.00	65.00	70.00	73.00	80.00	....
Can. Western Lumber, com.	....	....	.70	1.25	.50	.75
Chase, A. W., $8 pfd. bonus	26.50	27.50	26.00	27.00	18.00	20.00
Claude Neon, pfd.	6.25	7.25	6.50	7.50	4.50	6.25
Cons. Sales Book, pfd.	81.00	....	....	74.00	....	65.00
Copeland Flour Mills, units	....	....	12.50	....	15.00	....
Corrugated Paper Box, com.	....	....	1.00	2.00	.70	1.00
Dom. Manufacturers, com.	....	....	4.00	5.50	5.00	8.00
Do., pfd	60.00	65.00	61.00	65.00	62.00	66.00
Dom. Rubber, pfd	....	....	100.00	....	100.00	....
Dunlop Tire, 5% pfd	19.50	20.50	22.25	23.25	23.50	25.00
Eastern Steel Prod., pfd.	....	....	20.00	22.00	20.00	22.00
Easy Washing Machine, 7% pfd.	....	....	8.75	....	9.75	11.00
Federal Grain, com.	1.40	1.65	2.50	2.75	1.00	....
Do., 6½% pfd.	21.00	24.00	45.00	46.50	31.00	34.00
Guardian Realty, pfd.	....	....	15.00	....	16.00	18.50
Goderich Elevator & Transit	6.00	6.75	9.00	9.75	8.25	9.25
Guelph Carpet, com	16.00	17.00	15.50	....	19.00	....
Hart Battery	....	....	....	....	6.50	7.50
Hayes Steel Prod., com.	10.00	10.75	22.00	24.00	*9.50	10.50
Highland Dairy, com.	1.25	....	2.25	....	1.00	2.00
Do., 7% pfd.	51.00	....	69.00	74.00	45.00	55.00
Industrial Acceptance, pfd.	....	....	85.00	88.00	85.00	89.00
Kingston Shipbuilding, units	10.00	10.50	19.00	21.00	25.00	....
Loblaw Groceterias Inc., com.	10.00	....	11.25	11.75	12.50	13.50
Mersey Paper, com.	....	....	5.25	....	4.50	6.00
Moirs, 6% pfd.	....	....	....	....	17.00	....
Morrison Brass, units	5.50	7.00	5.00	6.00	4.25	7.00
Morrow Screw, com.	....	....	9.25	....	10.50	....
Do., pfd.	97.00	100.00	99.50	102.00	100.00	105.00
Mount Royal Hotel, new pfd.	....	....	....	....	1.75	3.00
National Sewer Pipe, com.	....	....	2.75	....	2.00	....
New Brunswick Tel., com.	12.00	13.00	12.25	13.25	11.00	13.00
New Method Laundry, 6½% p bonus	50.00	54.00	63.00	66.00	53.50	60.00
North American Elevators, 1st pfd.	....	....	....	....	49.00	....
Do., 2nd pfd.	....	....	....	....	20.00	....
Office Specialty, pfd.	....	....	72.00	....	70.00	....
Ontario Tobacco Plant, pfd. bonus	....	....	21.00	23.50	14.00	17.00
Paterson, Wm., pfd.	100.50	103.00	103.00	105.00	101.00	....
Provincial Paper, 7% pfd.	105.00	106.50	105.50	107.00	105.00	107.00
Robertson, P. L.	....	....	100.00	....	100.00	....
Ruddy, E. L., 7% pfd.	28.25	29.50	28.00	31.00	22.00	26.00
Seal O Sac (Can.)	4.50	5.50	2.75	3.75	1.00	2.50
Standard Fuel, com.	2.50	3.50	1.25	....	1.00	2.00
Do., 6½% pfd.	55.50	60.00	57.00	60.00	61.00	65.00
Stedman Bros., 6% pfd.	54.50	56.00	57.00	59.00	56.00	59.00
Toronto Carpet, com.	25.00	30.00	19.00	22.00	37.00	....
Do., 6½% pfd.	56.00	59.00	54.00	56.00	60.00	....
United Farmers Co-Operative	2.75	3.25	2.30	2.75	2.50	3.25
United Steel A 6% pfd.	19.75	21.00	22.50	23.50	22.50	24.00
Viceroy Mfg. pfd.	....	....	....	....	23.50	25.50
Do., com.	....	....	....	....	11.50	15.50
Western Grain, 6½% pfd. bonus	4.50	5.50	8.00	10.00	7.00	9.00
Western Steel Prod., com.	7.25	8.00	8.00	9.00	8.00	10.00
Weston (George) Holdings	4.00	....	....	6.00	2.00	5.00
Trust and Loan Stocks:						
British Mortgage & Trust	152.00	....	151.00	154.00	*120.00	135.00
Commercial Finance, com.	2.75	2.90	3.00	3.40	2.50	3.25
Crown Trust	....	....	100.00	110.00	80.00	90.00
Eastern Canada Savings	....	....	126.50	134.00	125.00	135.00
Eastern Trust	....	....	161.00	....	174.00	182.50
Guaranty Trust	....	....	96.00	100.00	98.00	102.00
Guelph & Ont. Invest.	52.50	55.00	53.50	55.50	51.00	55.00
Lambton Loan	....	....	31.00	34.00	31.00	34.00
London & Western Trust	36.00	39.00	38.00	40.50	....	37.00
Midland Loan & Savings	....	....	17.00	19.00	13.50	16.00
Mortgage Corp. of N. S.	....	....	100.00	110.00	100.00	110.00
Nova Scotia Trust	....	....	146.00	152.00	....	140.00
Premier Trust	....	110.00	75.00	80.00	60.00	65.00
Sterling Trust	48.00	53.00	56.50	....	56.00	....
Traders Finance, A com.	14.50	15.75	13.50	15.00	10.50	11.50
Do., B com.	....	....	13.00	15.00	10.50	11.50
Do., A 6% pfd.	....	....	82.00	85.00	93.00	96.00
Do., Rights	....	....	....	....	14.00	....
Trusts & Guarantee (new)	....	....	....	....	50.00	55.00
Waterloo Trust & Savings	....	....	99.00	....	98.00	102.00
Victoria Loan & Savings	....	....	107.00	116.00	70.00	....
Insurance Stocks:						
British America Assce.	55.00	....	55.00	....	50.00	55.00
Canada Life Assce. (Div. $20)	481.00	487.00	455.00	475.00	385.00	397.00
Canadian Fire Ins.	84.00	....	81.00	....	78.50	....
Confederation Life 30% pd.	146.50	....	150.00	154.00	135.00	145.00
Continental Life, 20% pd.	33.00	....	33.00	....	35.00	....
Crown Life, fully pd.	240.00	....	260.00	....	253.00	278.00
Dominion Fire Ins.	130.00	....	135.00	....	135.00	....
Dominion Life, 50% pd.	240.00	270.00	250.00	275.00	250.00	300.00
Dom. of Can. Gen. Ins.	105.00	....	120.00	127.00	120.00	135.00
Empire Life, 25% pd.	10.00	10.75	5.00	6.00	5.50	6.50
Excelsior Life 38% pd.	57.00	63.00	57.00	60.00	70.00	....
Federal Fire 25% pd.	48.00	52.00	50.50	54.00	51.00	55.00
Great West Life (Div. $15)	300.00	310.00	230.00	....	200.00	215.00
Guar. Co. of N. A. fully pd.	380.00	400.00	380.00	....	380.00	....
Halifax Fire Ins.	23.00	23.75	21.50	23.00	17.00	20.00
Imperial Life	320.00	335.00	295.00	305.00	280.00	300.00
Manufacturers Life	239.00	242.00	227.00	....	225.00	240.00
Monarch Life, 10% pd.	24.00	26.00	21.00	23.00	33.00	....
National Life, 25% pd.	26.00	....	24.00	28.00	25.00	30.00
Sovereign Life, 25% pd.	14.00	17.00	12.50	14.50	12.50	15.00
Sun Life Assce. (Div. $15)	405.00	420.00	375.00	400.00	300.00	350.00
Toronto General Ins.	5.00	6.00	5.50	6.00	5.00	5.75
Wellington Fire Ins.	....	....	58.00	62.00	58.00	....
Western Assce., 12% pfd.	41.00	44.00	41.00	44.00	40.00	42.00
Western Assce., com. (Div. $2.40)	48.00	51.00	48.00	50.00	40.00	44.00
Theatre Stocks:						
Allens Beach, pfd.	62.00	....	64.00	69.00	60.00	65.00
Do., Kingston, pfd.	65.50	70.00	65.00	69.00	61.00	66.00
Do., London, pfd.	65.00	69.00	52.00	54.00	51.00	56.00
Do., St. Catharines, pfd.	63.50	67.00	53.00	56.00	51.50	55.00
Do., Toronto, 7% pfd. bonus	32.50	37.00	32.50	36.00	31.00	35.00
Loew's, Buffalo, pfd.	4.00	....	3.50	....	3.00	5.00
Do., London, pfd.	3.00	3.75	3.00	3.50	2.25	3.00
Mansfield Theatre, 7% pfd.	26.00	....	27.00	30.00	26.50	30.00
Paramount, Kitchener, pfd.	50.50	....	53.50	56.00	51.00	55.00
Do., Oshawa, pfd	89.50	92.00	....	....	80.00	90.00
Investment Trust Shares:						
Can. Investment Fund	4.05	4.55	4.10	4.50	3.35	3.75
Can. Investors Corp. (Div. 40c.)	6.75	7.50	6.25	6.75	5.25	6.00
Debenture & Securities, pfd.	....	....	65.00	....	58.00	....
Investment Foundation, units	56.00	58.00	57.00	....	41.00	45.00
Securities Hold. Corp., 6% pfd. bonus	19.00	....	21.50	....	18.00	20.00
United Corps., A	20.25	21.50	22.00	24.00	21.00	22.00
Do., B	10.25	11.50	10.00	11.00	5.00	6.00
Power Issues:						
Can. West. Nat. Gas, L. H. & P., com.	24.50	28.00	26.00	....	24.00	....
Do., 6% pfd.	95.00	99.00	100.50	102.00	102.00	....
Foreign Power Sec. 6% pfd.	2.00	4.00	2.00	3.50	1.00	2.00
Great Lakes Power, pfd.	101.00	102.50	102.00	104.00	101.50	103.50
Inter. Utilities, 1.75 pfd.	8.00	10.00	16.00	20.00	15.00	....
Do., 3.50 pfd.	....	....	33.00	37.00	30.00	....
MacLaren Power & Paper, com.	14.00	15.00	20.00	20.75	15.50	17.00
Montreal Isl. Power, pfd	20.00	....	20.50	23.00	21.00	....
Nor. Ont. Power, 6% pfd.	98.50	100.50	95.00	....	70.00	80.00

Supplementary Bond Quotes

Comparative Prices of Unlisted Bonds, 1938, 1939, 1940
(Furnished by A. J. Pattison, Jr., & Co., Toronto)

	Dec. 31, 1938 Bid	Asked	Dec. 26, 1939 Bid	Asked	Dec. 31, 1940 Bid	Asked
Industrial Bonds:						
†Algoma Cent. & Hud. Bay Rl. 5% '59	....	....	....	....	6.50	8.00
*†Ames Holden Tire 7% 1943 (income)	83.00	87.00	89.00	....	97.00	....
*B. C. Pulp & Paper, 6% 1950	75.00	78.00	79.00	84.50	88.50	92.00
*†Do., 7% 1950	90.00	95.00	72.00	....	110.00	125.00
†Burns & Co., 5% 1958	49.00	52.00	67.00	69.00	57.00	59.00
Canada Bread, 6% 1941	106.00	107.00	103.00	....	101.00	103.00
Can. Bakeries, 6½% 1945	100.50	....	101.00	....	101.50	....
†Can. Locomotive 6% 1953	52.00	54.00	80.00	84.00	90.00	92.00
Can. Theatre, 5% 1951	46.00	49.50	49.00	....	49.00	52.00
Dom. Scottish Invest., 4% 1952	93.50	96.00	94.00	96.00	94.00	96.00
Dom. Woollens, 6% 1953	48.00	51.00	80.00	83.00	95.50	97.50
†Dufferin Paving, 5% 1955 A	62.00	....	53.00	....	47.00	50.00
*Eastern Dairies, 6% 1949	41.00	45.00	64.00	67.00	82.00	84.00
Economic Invest. Trust, 5% 1957	100.00	103.00	100.00	102.00	99.00	....
Galt Brass, 5% 1950	....	....	....	....	60.00	63.00
Great West Saddlery, 6% 1949	97.00	100.00	99.00	101.00	102.00	104.00
*Gurney Foundry 5½% 1949 with interest at 4%	24.00	26.50	47.50	50.00	67.00	69.00
Hamilton By-Prod. Coke, 6% 1956	....	....	....	....	99.00	101.00
Hamilton Cottons, 4¼% 1950	....	....	....	....	100.00	....
Industrial Acceptance, 4% 1952	....	....	....	....	86.00	89.00
*Invest. Bond & Share, 5% 1947	55.00	58.00	59.00	60.75	52.00	55.00
*Kingston Elevators, 6% 1950	....	....	....	....	105.50	107.50
Mercury Mills 5% 1959	....	....	....	....	92.00	95.00
*Minn. & Ont., New W. I. & A.	....	....	....	....	75.00	77.00
Moirs Ltd., 6% 1953	....	....	....	....	75.00	....
†Montreal Drydock, 6% 1948	....	....	....	....	41.00	44.00
†Municipal Bankers 1931	....	....	....	....	9.00	11.00
New Method Laund., 4% serials	....	....	....	....	98.00	100.00
Ruddy, E. L., 6½% 1948	97.00	100.50	98.00	101.00	101.00	103.00
Sterling Coal, 6% 1945	92.00	95.00	91.75	93.50	95.00	....
Stop & Shop 3% 1947	34.50	37.00	50.00	....	60.00	....
*Twin City Rapid Transit, 5½% 1952	....	....	....	....	67.00	69.00
United Amusement, 5% 1956	96.50	99.50	97.00	....	99.00	....
†United Corps, 5% 1953	96.00	99.00	97.00	99.00	93.00	95.00
United Grain Growers, 5½% 1949	92.00	95.00	100.00	102.50	99.00	101.00
*†Western Grain, 6% 1949	....	....	....	....	50.00	52.50
Realty Bonds:						
†Adelaide Peter, 6¼% 1948	36.00	38.50	32.00	34.50	29.00	32.00
†Adelaide Sheppard, 7% 1948	19.50	21.50	19.00	21.00	21.00	23.00
*Albert Bay, 6½% 1942	55.00	....	57.00	....	53.00	57.00
Alexandra Apts., 3%	38.50	42.00	35.00	40.00	35.00	40.00
†Balfour Bldg., 6% 1943 with Interest at 3%	30.50	....	33.00	36.00	35.00	40.00
†Bay Adelaide 6½% 1947	33.00	....	33.50	36.00	33.00	36.00
Bay St. Albans, 4% 1953	....	....	47.00	51.00	50.50	....
†Bloor St. George, 7% 1946	40.00	45.00	34.00	37.00	33.00	36.00
†Clarendon Apts., 7% 1946	27.50	29.50	25.00	27.00	17.50	19.50
†Clarendon Properties, 7% 1947	27.50	29.50	25.50	27.50	17.50	19.50
General Brock Hotel, 3% 1954	27.50	30.00	32.00	....	26.00	30.00
†Godfrey Realty, 6% 1942 (with stk.)	39.00	42.00	40.00	43.00	52.00	‡
Lombard Realty 2½% 1951 (with stk.)	37.00	40.00	25.00	27.00	25.00	28.00
London Realty, 6½% 1950	85.00	88.00	79.00	84.00	91.00	93.00
†Ontario Bldg., 3½% 1943	28.00	32.00	29.00	22.00	33.00	36.00
†Richmond Bay, 6½ 1947	96.00	100.00	98.00	101.00	96.50	....
†Richmond Bldg., 7% 1947	16.00	19.00	16.00	18.00	10.00	13.00
*†Wellington Bldg., 6½% serial	44.00	48.00	43.00	46.00	49.00	....
Windsor Arms, 6½% 1947	88.00	....	93.00	....	93.00	....

†Traded without accrued interest. *Payable U. S. and Canadian funds.
Payable in U. S. funds.

Dividends Declared

	This payment	Date payable	Date of record
Barker's Bread, p.	62½c	Jan. 3	Dec. 31
Biltmore Hats	15c	Jan. 15	Dec. 31
Belding-Cort.	$1	Jan. 2	Dec. 14
Do., pref.	$1.75	Jan. 2	Dec. 14
Bell Telephone	$2	Jan. 15	Dec. 23
B. C. Elec. Rly., pf.	2½%	Jan. 15	Dec. 31
B. C. Power. A	50c	Jan. 15	Dec. 31
Brant. Cord., p.	32½c	Jan. 15	Dec. 20
B. C. Telep., 2nd p.	$1.50	Feb. 1	Jan. 17
Can. Bronze	37½c	Feb. 1	Jan. 20
Do., interim	50c	Feb. 1	Jan. 20
Do., pref.	$1.25	Feb. 1	Jan. 20
Can. & For. Secs.	6c	Feb. 1	Jan. 16
Can Converters	50c	Jan. 31	Jan. 10
Can. Cel., Inc. Fd. rts.	$1	Mar. 15	Dec. 31
Can. Light & Pr.	50c	Jan. 15	Dec. 26
Can. Pac. Rly., pref.	2%	Feb. 1	Jan. 1
Can. Fairbanks, p.	$1.50	Jan. 15	Dec. 31
Calgary Power, p	$1.50	Feb. 1	Jan. 15
Can. Nor. Power	▪25c	Jan. 25	Dec. 31
Do., pref.	▪$1.75	Jan. 15	Dec. 31
Can. Indust., pref.	$1.75	Jan. 15	Dec. 31
Com. Alcohol, pf.	10c	Jan. 15	Dec. 31
Can. Wineries	15c	Jan. 9	Dec. 19
Can. South. Rly.	$1.50	Feb. 1	Dec. 27
Can. Bk. of Com.	$2	Feb. 1	Dec. 31
Can. Gen. Invest.	12½c	Jan. 15	Dec. 31
Crown Trust	$1	Dec. 31	Dec. 20
Can. Int. Tr., shs.	.110604	Jan. 2	Coup. 21
Do., modified	.11415	Jan. 2	Coup. 21
Dom. Oilcloth	30c	Jan. 31	Jan. 15
Do., extra	10c	Jan. 31	Jan. 15
Dom. Textile, pref.	$1.75	Jan. 15	Dec. 31
Dominion Bank	$2.50	Feb. 1	Jan. 20
Dome Mines	▪50c	Jan. 20	Dec. 31
Do.	▪50c	Apr. 21	Mar. 31
Dom. Tar & Ch. p	$1.37½	Feb. 1	Jan. 16
Eastern Steel, c.	$1	Feb. 1	Jan. 15
Four Star Pete.	1c	Jan. 15	Jan. 2
Foundation Co.	25c	Jan. 18	Dec. 31
Farmers' Tele.	63c	Jan. 31	Dec. 31
Gordon & Belyea, p	$1.50	Jan. 2	Dec. 27
Do., 2nd pref.	$1.50	Jan. 2	Dec. 27
General Trust, p.	$1.25	Jan. 15	Dec. 31
Gt. Lakes Pwr., p.	$1.75	Jan. 15	Dec. 31
Guaranty Trust	$1.25	Jan. 15	Dec. 31
Guar. of N. Amer.	$1.50	Jan. 15	Dec. 31
Do., extra	$2.50	Jan. 15	Dec. 31
Highland Dairy, p.	$3.50	Jan. 3	Dec. 20
Inter. Bronze	37½c	Jan. 15	Dec. 31
Do., pref.	37½c	Jan. 15	Dec. 31
Inter. Nickel, pf.	†$1.75	Feb. 1	Jan. 2
Int. Paints, pfd.	$1	Jan. 10	Dec. 11
Do., arrears	25c	Jan. 10	Dec. 11
Invest. Found., pfd.	75c	Jan. 15	Dec. 31
Imperial Bank	$2.50	Feb. 1	Dec. 31
Inter. Milling, p.	†$1.25	Jan. 15	Jan. 3
Inter. Metal, pf.	$1.50	Feb. 1	Jan. 15
Do., pref., A	$1.50	Feb. 1	Jan. 15
Inter. Util., pf.	†87½c	Feb. 1	Jan. 20
Do., $1.75 pf.	†‡$1.81¼	Jan. 15	Jan. 6
Koot. Belle	2c	Jan. 22	Jan. 15
Montreal Trams.	$1.50	Jan. 15	Jan. 3
Mtl. L., H. & Pr.	38c	Jan. 31	Dec. 31
McColl-Fron., p.	$1.50	Jan. 15	Dec. 31
Moneta Porc.	3c	Jan. 15	Dec. 31
Montreal Tele.	55c	Jan. 15	Dec. 31
Maritime Tele.	17½c	Jan. 15	Dec. 20
Do., extra	10c	Jan. 15	Dec. 20
Do., pref.	17½c	Jan. 15	Dec. 20
Naybob Gold	▪1c	Jan. 15	Jan. 1
Do	1c	Apr. 15	Apr. 1
Nat. Biscuit	†40c	Jan. 15 '41	Dec. 13
Nat. Steel Car	50c	Jan. 15	Dec. 31
N. B. Telephone	12½c	Jan. 15	Dec. 31
Nor. Ont. Pwr.	12c	Jan. 25	Dec. 31
Do., pref.	$1.50	Jan. 25	Dec. 31
Power Corp.	15c	Feb. 1	Dec. 31
Do., pref.	$1.50	Jan. 15	Dec. 31
Do., 2nd pref.	75c	Jan. 15	Dec. 31
Preston E. Dome	5c	Jan. 15	Dec. 31
Do., extra	5c	Jan. 15	Dec. 31
Premier Gold	3c	Jan. 15	Dec. 26
Quebec Power	25c	Feb. 25	Jan. 25
South. Can. Pr.	20c	Feb. 15	Jan. 31
Do., pref.	$1.50	Jan. 15	Dec. 20
Silbak Premier	4c	Jan. 25	Jan. 3
Shawinigan W.	23c	Feb. 25	Jan. 25
Stand. Chemical	50c	Jan. 31	Dec. 31
Steel of Can.	43¾c	Feb. 1	Jan. 7
Do., extra	$2	Feb. 1	Jan. 7
Do., pref.	43¾c	Feb. 1	Jan. 7
St. Law. Corp., A	25c	Jan. 15	Jan. 2
St. Law. Paper, p.	50c	Jan. 15	Jan. 2
Sheep C. Gold	4c	Jan. 15	Dec. 31
Smith, H. Pap., p.	$1.50	Jan. 15	Dec. 31
Spud Val. G.	2c	Jan. 10	Dec. 31
Sovereign Life	$1.25	Dec. 16	Dec. 2
Do., 20% paid	$1	Dec. 16	Dec. 2
Tuckett Tob., pf.	$1.75	Jan. 15	Dec. 31
Trusts & Guar.	$2	Jan. 2	Dec. 21
United Bond & S.	15c	Jan. 15	Dec. 31
United Gold Eq.	6c	Dec. 16	Dec. 5
Weston, Geo., pf.	$1.25	Feb. 1	Jan. 15
Wood, A. & J., p.	$1.75	Feb. 1	Jan. 14
Western Grocers	75c	Jan. 15	Dec. 20
Do., pref.	$1.75	Jan. 15	Dec. 20
Wr.-Harg., interim	11.1c	Jan. 20	Dec. 2

†Payable in U. S. funds.
▪Subject to approval by Foreign Exchange Control Board.
‡Subject to approval by Securities and Exchange Commission.

Southern Kraft Corp. Purchase Tissue Mills

From Our Own Correspondent

MONTREAL. — Southern Kraft Corp., subsidiary of International Paper Co., made a successful bid of $501,000 for the properties of the International Tissue Corp., subsidiary of International Paper & Power Co. The tissue company operates plants at Glen Falls, New York, and Marinette, Wisconsin.

Public Utility Earnings

British Columbia Power Corp.

	—November— 1940 $	1939 $
Gross earnings	1,498,629	1,358,612
Expenses	1,090,510	950,214
Int. & pfd. divds.	187,665	188,665
Bal. for A stock	220,454	219,733
11 Months Ended Nov. 30		
Gross earnings	15,326,170	14,365,255
Expenses	11,230,895	10,380,711
Int. & pfd. divds.	2,066,322	2,078,734
Bal. for A stock	2,028,953	1,905,810

DIVIDEND NOTICES

The Dominion Bank
Dividend No. 233

Notice is hereby given that a dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st January, 1941. The dividend will be payable at the Head Office of the Bank and its Branches on and after Saturday, the 1st day of February, 1941, to shareholders of record of the 20th January, 1941.

By Order of the Board.
ROBERT RAE,
General Manager.
Toronto, 12th December, 1940.

The Canadian Bank of Commerce
Dividend No. 216

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st January, 1941, and that the same will be payable at the Bank and its Branches on and after Saturday, 1st February next, to shareholders of record at the close of business on the 31st December, 1940. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.
Toronto, 13th December, 1940.

Montreal Tramways Company
DIVIDEND NOTICE

NOTICE is hereby given that a dividend of One Dollar and Fifty Cents ($1.50) per share, for the quarter ending December 31st, 1940, has been declared upon the paid in Capital Stock of the Company, payable to shareholders of record on Friday, the 3rd day of January, 1941, at 4 o'clock p.m. and payable on Wednesday, the 15th day of January, 1941.

By order of the Board.
PATRICK DUBEE,
Secretary-Treasurer.
Monday, December 23rd, 1940.

A. J. Pattison, Jr. & Co.
Established 1907
Royal Bank Bldg. EL. 5101 Toronto
THIRD FLOOR

November Net Of C.P.R. Down

Gross Earnings Increase But Operating Expenses Higher

From Our Own Correspondent

MONTREAL.—While gross earnings of Canadian Pacific Railway Co. increased $452,119 to $15.9 millions in November, operating expenses increased by $971,777 to $10.8 millions from the same month last year. As a result net earnings were down $519,659 to $5.1 millions for the month.

In the 11 months period to Nov. 30 gross earnings totalled $154.6 millions, an increase of $17.1 millions over the corresponding period last year, and net earnings totalled $30.8 millions, a betterment of $6.7 millions.

Operating Statement

November	1940 $	1939 $
Gross earnings	15,889,426	15,437,307
Oper. exps.	10,816,808	9,845,031
Net earnings	5,072,618	5,592,276
11 months to Nov. 30:		
Gross earnings	154,629,230	137,549,531
Operating expenses	123,795,998	113,407,680
Net earnings	30,833,232	24,141,851

U. S. Paper Firms Report Wide Gains

Survey of Earnings to End of September Shows Huge Increases

From Our Own Correspondent

MONTREAL.—Earnings of pulp and paper companies in the United States for the first nine months of 1940 were almost three times as large as in the same period in 1939, according to a survey by the New York Times. The survey shows combined net profit of $35.5 millions, against $12 millions in the same period, a gain of 195%.

In this showing the newsprint companies, though few in number, made a strong comeback, and almost quadrupled their earnings. Combined net income for nine months in 1940 was 285% in excess of the 1939 period.

Manufacturers of paper containers showed a gain of 177% for seven companies, while two pulp concerns had a 165% gain.

Eight makers of paper of various grades, some of which had no pulp supplies at all, had, however, a gain of 55.63% in net profits compared with the first nine months of 1939.

Hinde & Dauch Output High

Output in 1940 at Approximately Previous Year's Record Levels

Production of Hinde & Dauch Paper Co. of Canada for 1940 was approximately the same as in the previous year, according to L. F. Winchell, vice-president and general manager. The previous year was the busiest in the company's history.

That Hinde & Dauch did not again establish new production peaks was due entirely to direct and indirect export restrictions as the company operated at less than its enlarged capacity. As these restrictions will likely remain in force for some time to come, and as 1941 domestic demands are unpredictable, Mr. Winchell feels that it is impossible to forecast results for the year ahead. He emphasizes that the company is in the best position in its history to take full advantage of both ordinary demands and any peak that may occur.

In 1939 Hinde & Dauch reported net profits of $298,851, equivalent to $1 a share on its common. Extremely low prices in 1939 more than offset the high volume of production, with the result that earnings were less than in 1938.

Trust Companies Are Merged

Guaranty Trust of Canada Amalgamated With Fidelity of Ontario

Announcement is made by J. W. Berry, general manager of the Guaranty Trust Co. of Canada, of the granting of formal approval to amalgamate Guaranty Trust with Fidelity Trusts Co. of Ontario. Approval of shareholders has been followed by the formal assent of the Lieutenant-Governor-in-Council and Dominion Treasury Board.

Guaranty Trust Co. purchases the business, undertaking, goodwill and office building of Fidelity Trusts and also takes over its deposits, guaranteed investment receipts and all estates, trusts and agency accounts. Fidelity Trusts shareholders receive in exchange stocks in Guaranty Trust. The combined business is continued under the name of Guaranty Trust Co. of Canada, with offices at Toronto, Windsor and Niagara Falls.

The board of directors and officers follow:

E. BLAKE WINTER, president.
J. W. BERRY, vice-president and general manager.
F. LESLIE, vice-president.
ROBERT MAISEY, vice-president.
E. M. PROCTOR, B.A.Sc., vice-president.
LOUIS BLAKE DUFF.
J. M. HAYES.
A. F. HEALY.
F. A. HOUGH, K.C.
E. C. KENNING, K.C.
L. A. LANDRIAU, K.C.
G. G. ROBINSON.
G. B. SNYDER, M.D.

Week in Wheat

Rail Embargo Declared As Terminals Fill Up

Check Further Movement of Wheat for Fear of Tieing Up Box Cars — Coarse Grains Still Moving

From Our Own Correspondent

WINNIPEG.—With sufficient wheat in transit to fill all available space in terminal elevators the railways have declared an embargo on further movement. Only exception is a limited shipment of tough and damp grain which must be elevator treated at the head of the lakes to prevent spoilage. Coarse feed grains are still moving fairly freely as these so far are going to eastern farmers and not into terminal storage.

Reason for the embargo, of course, is to prevent boxcars being tied up indefinitely waiting unloading, when these carriers are needed for other more quickly moving merchandise.

European Crops

Outlook for winter wheat in Europe is favorable, according to information received by the United States Department of Agriculture. Acreage sown is considered fully up to average. Mild weather and ample soil moisture resulted in good germination of early sowings.

In the United Kingdom, considerable expansion in the wheat acreage is indicated, with conditions generally satisfactory.

In the Balkans, seeding operations are reported to have resulted in at least a normal winter acreage, but in some areas, excessive moisture, floods, and the unsettled political situation have had an adverse effect upon crops. In Greece, the weather favored winter seedings, but military operations may have damaged some grain fields.

An increased wheat acreage was encouraged in Spain through special credits offered to farmers for that purpose and by an advance in the fixed price paid for wheat by the National Wheat Service. A large acreage was strongly urged in Germany, and similar pressure was exerted on all countries under the influence of the axis powers.

* * *

Good Growth in U. S.

The winter wheat crop in the southwestern United States will have the smallest percentage of abandonment since 1931, A. W. Erickson, crop reporter, believes.

Every major crop on the Great Plains, says Mr. Erickson, has been preceded by generous fall moisture, and every fall when there has been rain of proportions like that of this year, the plains country has produced big yields.

* * *

Flour For Orient

Additional orders for 50,000 bbls. of Canadian flour were placed with western Canadian mills by Chinese buyers. This brings recent transactions up to around 100,000 bbls., the largest business handled with the Far East in years. The current demand for wheat and flour from the Chinese port is understood to be due largely to shutting off of Australian supplies.

* * *

Not Completely Stopped

The embargo in question has not completely stopped the movement of grain. Both oats and barley are still being shipped in a fairly steady movement from the lake head terminals to eastern destinations. It is expected that before long enough of such grain will have been moved to permit loading of coarse grains to refill that space.

In addition a number of cars of oats and barley are being moved direct from western country elevators to eastern destinations. Even some wheat is being shipped by that route. Eastern millers are picking up occasional carloads of No. 5 wheat where it is available. Some No. 6 wheat is also being shipped to destinations in the eastern United States.

As a feed quality grain, presumed not to be good enough for milling, it is admitted to the United States under a minimum tariff, while the tariff continues to be prohibitive against millable wheat. Western mills are also buying higher grades of wheat steadily, if not on any very large scale. That buying has been heavier on account of recent sales of Canadian flour for movement to China, some of which has recently been shipped from Vancouver.

Mite Menace

Danger of mite infestation in wheat stored in country elevators and in farm granaries continues to receive a great deal of attention. Country elevators are turning their stocks where possible, in order that the movement of grain may kill any of the soft-bodied mites which have managed to gain a foothold.

In some cases, where examination has shown that mites were present, it has been necessary to open up annexes, and sometimes to rent box cars from the railways for temporary storage while grain is being turned. Elevator operators are confident that they have the situation well in hand and that vigilance will prevent any losses of importance. Whether grain stored in farm granaries will suffer damage is doubtful. Many of such granaries will be largely free from the dust which is the principal breeding ground for mites. On the other hand, farm-stored grain gets none of the movement and handling which provide the best way for keeping mites in check.

No Great Apprehension

Although the flow of wheat money into the hands of farmers has been largely checked by the filling up of country elevators, reports from the country do not indicate any great degree of apprehension on this score on the part of either farmers or their creditors.

There is confidence that there will be a considerable distribution of wheat money in the spring and summer, commencing as soon as wheat begins to be loaded into railway cars for shipment to the lake head in anticipation of the spring opening of navigation. In anticipation of that, farmers' commercial creditors have been showing a great deal of forbearance. ... livestock and dairying districts, farmers are receiving more cash income by a good deal than was received from these sources a year ago.

Form G. E. Leslie & Co. New Brokerage Firm

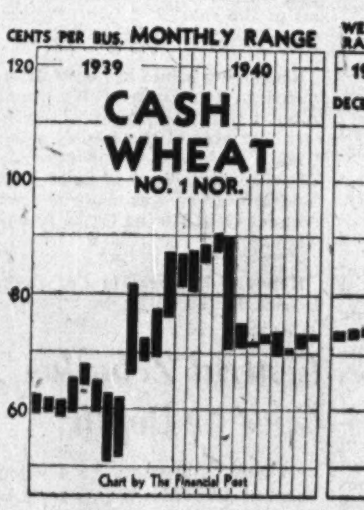
From Our Own Correspondent

MONTREAL.—The Montreal Stock Exchange announces that Guy E. Leslie and H. J. Ferguson are retiring from partnership in the firm of Johnston & Ward at Dec. 31.

Mr. Leslie and Mr. Ferguson are forming a new partnership at the beginning of the year under the name of G. E. Leslie & Co., with a membership in the Montreal Stock Exchange and Montreal Curb Market. Head office of the organization will be 360 St. James St. West, Montreal. Branch offices will be maintained in Halifax, Sydney, Saint John and Moncton.

Mr. Ferguson has been a member of the Montreal Stock Exchange since 1929 and Mr. Leslie, senior partner in the new firm, was recently elected a member of the Montreal Curb Market.

Wheat Prices



Cash Quotations

	For Week Dec. 28 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.73⅞	.72⅞	.73½	.72⅝
1 Nor.	.73⅞	.72⅞	.73½	.72⅝
2 Nor.	.71⅜	.70⅜	.70½	.70⅛
3 Nor.	.68⅜	.67⅜	.67½	.66⅞
4 Nor.	.65⅞	.64⅞	.64½	.64
5 Wheat	.63⅜	.62⅜	.61¾	.61
6 Wheat	.61⅛	.60⅞	.60¾	.60
Feed	.59⅞	.58⅞	.58¾	.58
Oats:				
2 C. W.	.33⅝	.32½	.33⅛	.32⅛
3 C. W.	.30⅝	.29⅛	.30⅛	.29½
Barley:				
1 Feed	.41	.39⅞	.40⅛	.39¾
2 Feed	.40½	.39⅝	.39⅞	.39½
Flax:				
1 C. W.	1.35½	1.32½	1.31½	1.30
2 C. W.	1.31⅛	1.28⅛	1.27⅛	1.25
Rye:				
2 C. W.	.45½	.45	.46	.45

Winnipeg Grain Futures

Week to Dec. 28, 1940

Crop year from Aug. 1, 1940 High	Low		Open Dec. 23	High for week	Low for week	Close Dec. 28	Close year ago
		Wheat					
.74¾	.71⅝	Dec.	.72¾	.73⅞	.72¾	.73⅞	.84⅞
.78¾	.75⅛	May	.76⅝	.77⅝	.76¼	.77¼	.88¼
.80½	.77½	July	.78	.79	.78	.78⅞	.89¼
		Oats					
.34⅞	.25¾	Dec.	.32½	.33¾	.32¾	.33⅝	.41⅝
.33¾	.26⅝	May	.32½	.33⅝	.32⅝	.33⅝	.39¼
.32⅝	.29½	July	.31⅛	.31⅞	.31⅛	.31⅞	.38⅛
		Barley					
.48½	.30½	Dec.	.43¾	.44½	.43⅝	.44½	.51⅝
.46⅞	.33⅝	May	.43⅞	.45½	.43⅞	.45⅛	.52⅛
.44⅞	.30⅞	July	.42	.43¾	.42	.43¼	.51⅛
		Flax					
1.36¾	1.15¼	Dec.	1.31½	1.36¾	1.31½	1.35¼	1.66¼
1.40¾	1.16	May	1.35¾	1.40¾	1.35¾	1.39½	1.89⅞
1.41¼	1.22½	July	[illegible]	[illegible]	1.36⅞	1.41¼	1.87⅝
		Rye					
.49½	.40¾	Dec.	.43½	.43¼	.43	.43	.78¾
.52	.44¼	May	.48⅞	.49¼	.48⅝	.48⅝	.81¼
.50¾	.49⅛	July	.49¾	.50	.49⅛	.49⅛	.79½

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Tea-Bisk Red River Cereal Chops and Grain

Maple Leaf Milling Company, Limited
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EST. 1857 LIMITED

Swift Canadian Co. Announce Staff Changes

Important staff changes are announced by the Swift Canadian Co. as follows:

J. H. Tapley, formerly manager of the Toronto plant, has been elected president and general manager with effect from Jan. 1. Mr. Tapley is a native of New Brunswick.

He will be succeeded at Toronto by G. R. Castle, now manager of the Edmonton plant and formerly assistant manager at Winnipeg. Mr. Castle is a Toronto boy and joined the company's staff there in 1911.

A. E. Millard, manager of the provision department at Toronto, goes to Edmonton as plant manager. He will be succeeded as manager of the Toronto provision department by H. L. Haisman, formerly assistant manager.

Dominion Sells 2½-Year Notes

Finance Minister Ilsley announces the sale of $250 millions of notes to Canadian chartered banks. Financing takes the form of 2½-year 1⅛% notes sold at 99.695 and accrued interest, representing yield of 1⅝% to maturity.

The notes are dated Jan. 2, 1941, and mature July 2, 1934. Proceeds are to finance war expenditures and to provide funds for repatriation of securities from the United Kingdom and for general purposes of the Government.

The notes are subject to redemption in whole or in part at par at the option of the Government on or after Jan. 2, 1943, on 60 days notice. Interest and principal are payable in Canadian money. Delivery of $150 millions is set for Jan. 2, 1941, and the balance on Feb. 1, 1941.

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Week in Mining

U.S. Buyers Entering Canadian Mine Mart

Work Out Technique to Get Big Discounts as on Stocks Quoted in New York — Tax Switching Appears

Americans are reported to have been important buyers of Canadian junior gold stocks in recent weeks. With no organized market in these stocks in the United States, American brokers have arranged a device for their clients to secure a discount similar to that on such issues as Imperial Oil, International Nickel, Dome, etc., which are actively traded in New York. Imperial Oil, for instance, sells at $9⅛ in Canada, $5⅞ in New York, a considerable difference even after allowing exchange.

Here is the procedure by which Americans are getting their "cheap" junior Canadian gold stocks. First of all, the American broker will purchase the desired junior issue in Canada. To pay for this, a block of some security selling at a big discount in New York—such as Imperial Oil—is purchased there and sold in Canada, with the proceeds used to pay for the gold stock.

The "profit" on this transaction reduces the cost of the junior gold purchased. The junior gold, however, cannot then be turned into cash and the proceeds taken abroad.

Another Practice

A somewhat similar plan is used where an American has purchased Canadian mining shares since Jan. 8, 1940, the date the covering regulations of the Foreign Exchange Control Board came into effect. The American broker can liquidate the security for his client in Canada, sell the Canadian dollars obtained in the unofficial market at around 14 to 15% discount, and use the American dollars obtained to purchase a Canadian security at a big discount in New York. The Canadian security is then sold in Canada with the proceeds used to repurchase the original Canadian security with a profit to boot. The catch is the new stock can only be switched, not converted into cash.

Besides American trading originating in this way, Americans have been doing a great deal of "crossing" of stocks for income tax purposes in recent weeks. In some cases it is wished to establish a profit so that a loss on something else can be taken advantage of. In other cases, it is desired to establish a loss to reduce a profit in some other direction.

* * *

November Gold Higher

Receipts of gold at the Ottawa Mint in November amounted to 456,230 ounces of gold compared with 430,823 fine ounces the previous month and 392,581 ounces in Nov., 1939. Based on the $38.50 price for gold, the November gold yield was worth $17,564,855 with the mines receiving slightly less than this total due to the 35 cents an ounce charged by the Mint for refining and marketing.

Although the November production was higher than that for the preceding month, it appears to be below the average for 1940. The November production was at an annual rate of $201 millions while gold production in 1940 was around $205 millions. However, November has one day less than the majority of months and the result is slightly better than would first appear.

* * *

New Mining Villages

With the development of a belt of gold mining activity in Quebec, extending down from Noranda through Cadillac, Malartic and on through the Siscoe-Lamaque area, numerous new mining towns and villages have grown up. Their number is surprising.

In the current issue of the Quebec Gazette, notice is given that two of these villages—Cadillac and Pascalis—have been incorporated. Cadillac is a little older than Pascalis but expansion at the latter village has been important recently, it is understood. Ventures Ltd. has financed the sinking of a shaft at the Pascalis mine. Operations at the property of Perron mine have also been expanding gradually in the same section. Villages like Cadillac and Pascalis give a real idea of frontier life. There is a carefree, happy-go-lucky spirit about their citizens that isn't found in the more settled regions of this country.

* * *

Taxes Heavy Here

Although taxation on mining companies in this country is heavy, the burden is still not as great as on mining companies in the English field. Rhokana Corp., with copper mines in Rhodesia, was forced to reduce its dividend rate from 50 to 40% last year due to greater taxation. The company failed to secure tax relief to which it felt entitled because greater operating earnings were caused by plant expansion rather than any windfall.

Like many English companies, dividends are declared on the amount set up as ordinary stock. In the case of Rhokana, ordinary capital amounts to around $12.5 millions while the total capital raised for the firm's business is just under $90 millions. On the basis of the latter amount, the distribution to shareholders in 1940 was a return of 5½%.

* * *

Drill Costs Down

Core drilling is usually thought of as a modern invention for exploration of mineral possibilities. Archaeologists, however, tell us that pieces of core can be shown that are as old as 3,000 years B. C.

In those bygone days slaves supplied the motive power for the drilling. Gems for cutting edges may have been set in the face of the drilling tube, but it is more likely that a loose grinding powder was used instead. Modern diamond drilling was invented in 1863 by Rudolph Leschot, a French engineer. His machine required 15 men to operate and white instead of black diamonds (or borts) were used. Since that time there has been a steady improvement in diamond drilling technique. Cost of drilling in Canada has come down from $10 to as low as 50 cents a foot the last few years.

B.C. Expecting Sustained Rate of Mine Output

Old Established Fields Break Records in 1940 —Mercury Important

From Our Own Correspondent

VANCOUVER. — Surveying the prospects of the coming year, British Columbia mine operators look for a continued high rate of gold and base metal production and a more intensive search for new mines.

Most of the record-breaking production of 1940 was from old-established fields — Bridge River, the Cariboo, Sheep Creek, Hedley and East Kootenay camps. But probably the most significant development of the year was the development of the mercury and antimony deposits of the Fort St. James area in the north, indicating the possibilities of a vast, virtually unexplored region.

Zeballos Gratifying

Another gratifying fact was the maintenance of production in the new Zeballos field, not long ago damned with faint praise as an area of limited promise with only a few rich but narrow veins. Since then five gold mills have been established in the Zeballos district with the likelihood of a sixth before many months.

In the Bedwell River area, to the south of Zeballos and also on the west coast of Vancouver Island, are two other properties—the Musketeer and Buccaneer—which will probably have mills during the coming spring. By a coincidence these properties, which are adjoining, are being developed into the productive stage by Pioneer Gold Mines and Bralorne Mines, two of the province's major gold producers and neighbors in the Bridge River valley.

Prospectors Encouraged

The west coast of Vancouver Island is regarded as one of the important potential sources of mineral wealth in British Columbia. The success of Zeballos and Bedwell River has encouraged prospectors to make a more systematic search of the area, so difficult of access until the advent of airplanes that it is still pretty much of a virgin field.

Another interesting development of the past year has been the increasing interest in placer development in the Cariboo. This is the oldest mining field in the province. but in the old days it was worked by operators with primitive equipment, and dredges and modern hydraulic and other apparatus have been able to produce at a profit in areas previously worked inadequately.

Cariboo Looks Ahead

Even with all its past record, the Cariboo appears to have a long future, as indicated by the continuing favorable reports on ore showings along the Barkerville belt extending to the west from the Cariboo Gold Quartz and Island Mountain lode operations.

Bridge River will probably lead all other gold camps when the returns for 1940 are all in, with Cariboo second and Sheep Creek third. Bralorne, leading gold producer, is expected to report an output even greater than last year, when all records were surpassed.

Overshadowing most of the mining expansion in this province has been the rising production of Consolidated Mining & Smelting Co. in zinc, lead, bismuth, cadmium and other "war metals." Censorship has prevented publication of details in connection with the Smelters programme which is known, however, to exceed past performances in almost every division of production.

East Malartic Official Counters Recent Rumors About Mine

Recurring rumors that the mine situation at East Malartic Mines was less satisfactory than recent statements have indicated are largely contradicted by a communication received by The Post from the company's general manager, J. P. Norrie. Stories making the rounds had gone so far as to say that the timber mat over the main central stope had broken; that dilution had reached very serious proportions due to a poor footwall rock; and that there was even danger the company might lose its shaft.

Concerning the great timber mat over the rich middle stope, Mr. Norrie has this to say:

"So far as we can judge, this (mat) has not broken and is serving its purpose in controlling the dilution that might have arisen through the sloughing on the wall rocks as above mentioned. In this connection, I would refer you to the published statement of our consulting engineers to the effect that when all the ore has been recovered above the 670-ft. level, that dilution will not have exceeded the original estimate of 20%.

Dilution Around 20%

"The dilution rate for the past few months, as nearly as this difficult figure can be arrived at, has been approximately 20%. However, we are of the opinion that the greatest influence on the mill head pending production from the new lower level stopes is, and will be, the necessity of drawing a larger percentage of our ore from the lower grade east end stopes."

For the first time, the reason for the tie-up in the highest grade is explained:

"In reference to the tie-up in our highest grade stope, the reason for this is due to intense fracturing of the ore at a horizon in the stope where the ore itself caved without drilling or blasting.

"This, we believe from experience, is only a local condition. However, certain methods of control are necessary before proceeding with the stope. Several methods of control could definitely be applied but we think that the cheapest one would be to come up from the level below with a new stope, thus saving all the ore, even the floor pillar."

With reference to development, Mr. Norrie has this to say:

"While it is true that shaft sinking is behind schedule, nevertheless the present development rate and the proposed new methods of mining should enable us to maintain the present mill tonnage without undue effort.

"To answer questions categorically, I might say that there has been some difficulty in mining due to excessive sloughing of the wall rocks. This, however, is purely a local condition and will in no way affect the shaft. The change in mining methods below the present production levels will eliminate any further trouble from this source. We have every confidence in the future of the mine."

For the layman, it can be explained that dilution comes into mining with the necessity of taking out and milling of a certain proportion of waste rock along with the ore. This reduces average grade and, of course, lowers average recovery. Sloughing of wall rock, as at East Malartic, represents a tendency to greater dilution and a lower average recovery.

A sharp decrease in production is reported for East Malartic Mines in November. Output for the month was $237,188 from 44,264 tons of ore milled for an average recovery of $5.36 a ton. This compared with the previous month's recovery of $272,354 from 45,632 tons the previous month when the average was $5.97 a ton.

Peak month this year was in January when a total of $332,517 was recovered with 46,800 tons put through the mill. Recovery in that month averaged $7.10 a ton.

J. P. Norrie states in the November report as follows:

"Although dilution has not exceeded the earlier estimate of 20% it has been decided to use cut and fill mining on the new lower levels where rock conditions are not suitable for shrinkage stopes.

24 New Stopes

"It is planned to develop 24 cut and fill stopes which will ensure mill feed for a considerable period. Cut and fill mining will increase mining cost approximately one dollar per ton which will be largely offset by an increase in grade.

"During the month of November development faces were advanced 200.5 ft. and stope development faces 517.2 ft. A total of 33,207 tons of ore was broken in stope preparation, development pillars and stopes. Cumulative broken ore reserve is 368,318 tons."

A drill hole put down 229 ft. from surface northwest of the mill made an ore intersection of 6.5 ft. running $8.96 per ton.

Mining Concentrates

Alaska Juneau Gold Mining Co. has declared a quarterly dividend of 12½ cents a share, payable Feb. 1 to shareholders of record Jan. 7. Last previous payment was one of 15 cents a share.

* * *

Aquarius Porcupine Gold Mines completed a financing agreement on Nov. 28 under which E. M. Pomerantz agreed to purchase 100,000 shares at 20 cents a share and was granted an option on 1,550,000 shares at 25 cents to $1 a share. Authorized capital is 5 million shares with 3,000,005 issued.

* * *

Broshier Porcupine Mines which recently acquired the property of Dictore Porcupine Gold Mines for 600,000 shares and a cash consideration expects to undertake further work on its property in Deloro and Ogden twps., early in 1941. Diamond drilling carried out in 1939 indicated two green carbonate zones. The property lies along a valley cut by Paradis Creek and follows the strike of a break running generally southwest-northeast across Deloro twp. Managing director is P. A. Kindree. Louis Whitman is consulting engineer.

* * *

Bedford Porcupine Gold Mines completed an agreement on Dec. 12 under which Unity Porcupine Mines & Exploration Ltd. agreed to purchase 400,000 shares at 5 cents a share, payable $5,000 forthwith and balance within nine months. Authorized capital is 3 million shares with 1,000,008 issued.

* * *

Dartmouth Porcupine Gold Mines completed an agreement with Unity Porcupine Mines & Exploration Ltd. on Dec. 12 under which that company agreed to purchase 400,000 shares at 5 cents a share, payable $5,000 forthwith and the balance within nine months. Authorized capital of the company is 3 million shares with 1,000,008 issued.

* * *

Flobec Gold Mines optioned 105,000 shares to Lorne Ferdman on Nov. 25 at 5 cents per share, payable $707 forthwith and $500 monthly thereafter. Authorized capital is 3 million shares with 1,626,387 issued.

* * *

Highridge Mining Co. completed an agreement on Dec. 2 for sale of 10,000 shares to Malcolm A. Moysey at 10 cents a share, payable forthwith. An option was granted on 90,000 shares at 10 cents a share to be taken down in lots of 10,000 shares a month commencing May 31, 1941. Authorized capital is 2 million shares with 717,934 shares issued.

* * *

Jodelo Gold Mines is reported to have completed shaft sinking to a depth of 325 ft. with the present objective 350 ft. The main mariposite vein is stated to have dipped in and out of the shaft and two new veins were encountered below 200 ft.

* * *

Kinsington Mines has been incorporated in the State of Washington to buy a mining property in the Berners Bay area of the Juneau mining district of Alaska. Vendor is A. B. Trites, former owner of Spud Valley Gold Mines and was connected with Premier Gold Mining Co. in its early stages.

* * *

Kelowna Exploration Co., Hedley district, British Columbia, is reported to be once more milling ore following a fire which caused a shutdown last October.

* * *

Lowell Porcupine Gold Mines completed an agreement on Dec. 12 under which Unity Porcupine Mines & Exploration Ltd. agreed to purchase 400,000 shares at 5 cents, payable $5,000 forthwith and balance within nine months. Authorized capital is 3 million shares with 1,000,008 issued.

* * *

Mercury Gold Mines optioned 205,000 shares to A. W. Carr at 50 cents a share on Nov. 14, payable at call. Authorized capital is 300,000 shares with 94,995 shares issued.

* * *

Margaret Red Lake Gold Mines has made application to surrender its charter.

* * *

Mount Vernon Porcupine Gold Mines completed an agreement on Dec. 12 under which Unity Porcupine Mines & Exploration Ltd. agreed to purchase 400,000 shares at 5 cents a share, payable $5,000 forthwith and balance within nine months. Authorized capital is 3 million shares with 1,000,008 issued.

* * *

Morris Kirkland Gold Mines is reported to have cut a new ore section on its 1,375-ft. level.

* * *

Northern Canada Mines is now arranging a diamond drilling contract for its properties in the Savant Lake area with active drilling to start in January. Possibilities revealed by surface exploration last summer are to be investigated. Drilling is planned on all four groups of claims.

* * *

Northland Mines plans a programme of diamond drilling in the new year.

* * *

Orelia Mines is now operating eight hours a day pending installation of additional equipment. Some changes are stated to have been made in company's agreements so that Orelia Mines, Mineral Milling and Lower Seine Mining Co., will participate in one operation with unified management. One mill is now planned and capacity will be increased to 100 tons daily to handle both newly mined ore and tailings.

* * *

Pato Consolidated Gold Dredging bullion production for the six months ended Oct. 31, 1940, amounted to $2,492,451 as against $2,859,905 for the preceding 12 months.

* * *

Pend Oreille Mines & Metals is likely to inaugurate dividends in 1941, according to advice from Spokane, Washington. Power plant indebtedness last July amounted to $100,000 and funds on hand are reported to be adequate for dividend action even after retiring this indebtedness. The mill handles 750 tons of lead-zinc ore daily.

* * *

Reno Gold Mines reports a decline in monthly production with November recovery amounting to $23,859 compared with $32,000 in October. Figures on tonnage milled are not released. Since milling was resumed on Oct. 10, 1939, $352,603 is reported to have been produced.

* * *

Silbak-Premier Mines, subsidiary of Premier Gold Mining Co., has declared its regular quarterly dividend of 4 cents a share payable Jan. 25 to shareholders of record Jan. 3.

* * *

Upper Seine Gold Mines optioned 100,000 shares to McLean, Pratt & Co. on Dec. 9, payable 25,000 shares monthly commencing Jan. 15, 1941. Authorized capital is 3 million shares with 1,674,655 shares issued.

* * *

Westchester Porcupine Gold Mines completed an agreement on Dec. 12, under which Unity Porcupine Mines & Exploration Ltd. agreed to purchase 400,000 shares at 5 cents per share, payable $5,000 forthwith with balance payable within nine months. Authorized capital is 3 million shares with 1,000,008 issued.

* * *

Ymir Yankee Girl Gold Mines shareholders decided to authorize directors to distribute not more than 2 cents a share in dividends at the annual meeting held recently. A previous motion that 4 cents a share be distributed was defeated. It was reported that working capital of $250,000 could be maintained after the 2-cent payment. The optioned Dundee property has 3,000 tons of broken ore and is expected to return an operating profit of $14,000 before taxation, or more than the capital outlay. A contract has been made with Anaconda Copper Mining Co. to take zinc concentrate which will be produced from a tailings dump at the Yankee Girl Mine. The dividend will be paid on Jan. 22 to shareholders of record Jan. 15.

Troup Porcupine Mines optioned 1.5 million shares to William R. Hill on Dec. 9 as follows: 500,000 shares at 5 cents a share to be all taken up by Jan. 15, 1942; 500,000 shares at 10 cents a share to be taken up by July 15, 1942; 500,000 shares to be taken up at 50 cents by Jan. 15 1943. Authorized capital is 5 million shares with 1,669,705 shares issued.

Gold Frontier Mines completed an agreement on Dec. 3 under which J. D. Smith agreed to purchase 120,000 shares for $18,000, payable $9,000 forthwith and $9,000 by Jan. 2, 1941. By the same agreement 1,170,564 shares were optioned to H. R. Bain & Co. Ltd. as follows: 145,000 shares at 18 cents per share payable by April 2, 1941; 134,000 shares at 25 cents per share payable by June 2, 1941, with balance at 30 to 50 cents a share payable by Sept. 2, 1942. Authorized capital of the company is 3 million shares with 1,509,431 shares issued.

Commodities Quiet Prices Irregular

U. S. Secretary of Agriculture Urges Increased Cattle and Hog Production

Trading in commodities has been quiet, as is usual at the turn of the year.

Prices have been irregular with two of the four weekly spot indices showing declines, one an advance and one unchanged.

In the agricultural group, cattle were firmer under a good holiday demand and light deliveries. Hogs were unchanged. The United States Secretary of Agriculture has urged both cattle and hog raisers in that country to increase production in 1941. In the meantime, the U.S. spring pig production is expected to be about 14% smaller than in 1940 which may result in higher prices. Demand for beef in the United States is increasing.

Wheat was slightly better. Chicago was the leader in the rise. In some quarters it was felt that if the United States sends supplies to Spain it may take some of the wheat surplus off the market.

In the industrial group, price changes were small.

	Latest week	Previous week	Same week last yr.
Cattle	$9.50	$9.25	$8.00
Hogs	11.00	11.00	12.25
Copper, lb.	.12	.12	.12½
Cotton, lb	.1046	.1036	.1156
Rubber, lb.	.20⅝	.20¾	.19⅛
Silk, lb.	2.56	2.56	4.32½
Sugar, raw, lb.	.0293	.0293	.0280
Wheat, Man. (bu.)	.73⅞	.72¾	.84⅞
Coffee, lb.	.05¼	.05¼	.05⅜
Hides	.13	.13	.15
Weekly Indices			
Canada (D.B.S.)	84.2	84.3	82.1
Do., Wood, Gundy	67.3	67.2	67.8
U. S. Labor	79.7	79.7	79.3
Dow Jones (future)	56.79	56.07	63.03
Fishers'	85.2	84.9	86.2
Monthly Indices			
Canada (D.B.S.):			
Retail (Nov.)*	107.8	107.0	103.8
W'sale (Nov.)	84.0	83.3	80.4
U. S. (Sept.)	78.0	77.4	79.1
Gt. Brit. (June)	134.6	133.7	98.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base. *Base 1935-39=100.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Central Zeballos Goes to Depth

A new programme for development at depth has been started by Central Zeballos Gold Mines—subsidiary of Reno Gold Mines—as a result of opening up of 560 feet of high-grade ore on the present bottom level. A new adit is now being driven at a point 500 feet vertically below the present bottom level. A total of 2,100 feet of drifting will be necessary to get under the ore of the upper levels, it is estimated.

From present indications, it is expected that Reno Gold Mines will get back its entire investment in Central Zeballos, from its 40% shares in profits, early in 1941. Central Zeballos will then have a better ore position than at the time Reno originally agreed to finance mill construction.

Roche Long Lac Adds New Groups in 1940

Two new groups of claims were staked by prospectors in the employ of Roche Long Lac Gold Mines in the year ended Nov. 30, 1940, the company's annual report reveals. One group of nine claims is in the Savant Lake area while the second group, also of nine claims, adjoins the Chellew and Hurst gold discovery in the Gates Lake area of Ontario.

Work on both new groups of claims will be carried out during the coming season. Besides carrying on other prospecting, the company completed further work on 12 claims in the Albany River area, on 16 claims in Connaught twp., on 11 claims east of Jerome Gold Mines in the Opeepeesway area, and on two groups of claims in the Little Long Lac area. Assessment work was completed on the Albany River and Connaught claims, and patents have been taken out on the Little Long Lac claims.

Balance sheet as at Nov. 30, 1940, showed total current assets of $110,514, including $30,363 cash. Accounts payable were $375. A total of 2,395,005 shares has been issued.

Week in Oils

From Our Own Correspondent

CALGARY.—With 1940 production at a new all-time high of approximately 8.5 million bbls.—about 900,000 bbls. more than in 1939—Alberta's oilmen are now looking forward to 1941—a year that is expected to set new production records again. The new year is starting in right. Allowable output of the 130 wells now on steady production in Turner Valley has been set at 682,000 bbls. for January, with actual production expected to exceed 700,000 bbls. due to the yield from two wells just completed and two more slated for completion early in the new year.

Yield in the first month of the new year will far exceed that of January, 1940, when the Valley's oil wells were permitted to produce only 432,294 bbls.

* * *

New Policy Set

Concurrent with the announcement of January allowables, the Conservation Board announced an important new policy with regard to production and operation of Turner Valley wells.

The new policy will ensure long life, sustained production and a greater ultimate recovery, without the sharp decline in production that was the usual lot of oilfields before the days of conservation, after about 50% of the likely acreage had been drilled out. While the programme will assure a continuity of supply for the prairie market, a sufficient reserve productive capacity will be maintained in Turner Valley to supply emergency demands or national defense requirements.

For January the 130 wells now on steady production will be permitted to yield 22,000 bbls. per day. Should emergency demands for additional production be made, such demand will be allocated as extra allotment to the wells of the field in proportion to their normal allotments.

* * *

To Meet Requirements

The new policy was announced over the signature of Robert E. Allen, California conservation expert, who recently assumed the chairmanship of the Alberta Conservation Board. The Board, working in close co-operation with the Dominion Oil Controller, will see to it that requirements of prairie refiners are met, that adequate storage is built up during the winter months to help meet the peak summer market needs, and that sufficient reserve productive capacity is maintained to meet emergency demands.

However, as a board of experts charged with conserving and obtaining the greatest possible ultimate recovery from Alberta oil wells, the Board will see to it that supplying the demand will not work to the eventual detriment of the oil producer and the investor in oilfield development.

* * *

Will Supply Market

The new policy is understood to replace the programme worked out last fall by the Oil Controller, the refiners and the Board, under which Valley wells might have operated at a steady figure of about 25,000 bbls. daily until Oct. 31, 1941. The new policy will assure an oil supply for the market, but will permit more efficient operation that will be reflected in greater ultimate recovery.

Under the January allotment, wells will be held in sufficiently below their present maximum efficient rates to maintain a substantial reserve productive capacity. The November Turner Valley production of just under 28,000 bbls. daily is a reasonable measure of existing capacity yield. Restricted flow will greatly benefit the wells, while the present restriction of income from production will be more than offset by the greater ultimate oil recovery.

* * *

Survey in Saskatchewan

One of the most extensive searches for oil and gas in the Prairie Provinces in many years is being undertaken by a new company, said to be backed principally by Imperial Oil, the C. & E. Corp. and the Canadian Western Natural Gas Co.

The search, covering over 1,800 square miles in southern Saskatchewan, is being conducted through a new company known as Norcanols Oil & Gas Ltd. The group, under an agreement reached with the Saskatchewan Government some time ago, commenced an extensive geological and geophysical survey last summer, will continue core drilling this winter, weather permitting, and will resume more extensive survey operations in the spring. The exploratory programme calls for the expenditure of at least $150,000.

If, as a result of the surveys, structural conditions favorable to the accumulation of oil and gas are disclosed, deep test drilling with modern rotary equipment will be proceeded with.

* * *

Announced Last Week

The first announcement of the programme was made only last week, when Saskatchewan Resources Minister W. F. Kerr released a detailed statement to the public.

According to Kerr, the Saskatchewan Government owns mineral rights on a portion of the acreage undergoing survey, the balance consisting of freehold property. The agreement between Norcanols and the Government is that the company shall, at its own expense, complete an exhaustive survey of the entire area, making all information secured available to the Saskatchewan Department of Natural Resources.

* * *

Drill Athabaska

There was news this week also of another important search for new oil and gas fields, this time involving the drilling of at least three wells in the vicinity of Athabaska, 80 miles north of Edmonton in northern Alberta.

These operations, backed by a syndicate headed by F. A. Skelhorne of Calgary, are scheduled to get under way as soon as weather conditions permit. The syndicate has acquired a block of 23,000 acres in the area. Said to be included in the syndicate are Davies Petroleums, drilling contractor Snyder & Head Ltd., R. A. Brown, Jr., and George Harris, all of whom are active in Turner Valley development. Arrangements are now being made for a light rotary rig.

N. C. URQUHART & CO.

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CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:—

Your Directors beg to present herewith the Thirteenth Annual Statement of the affairs and financial position of your Company as at November 30, 1940.

Net earnings amounted to $1,332,220.35 after providing for depreciation and setting up a provisional amount for Dominion and Provincial Income Taxes and for Excess Profits Tax. This compares with $1,475,647.75 net earnings for the previous year, a decrease of $143,427.40. It should be pointed out, however, that due to increased production $1,500,000.00 was written off for depreciation against $1,250,000.00 last year.

The reserve set up for Income and Profits Taxes of $1,780,000.00 compares with $395,000.00 which the Company provided last year for similar taxes. This reserve is provisional and it is hoped that when final adjustments are made with the various taxing authorities the result may prove more favourable from a "net earnings" standpoint.

Last year's statement, you will recall, showed $3,000,000.00 short term bonds outstanding, $1,030,000.00 of which were then held in the Treasury as an investment. These short term bonds have all been called and redeemed, leaving only the long term bonds amounting to $10,500,000.00 outstanding, due in 1951, on which the Sinking Fund does not commence until 1945. This operation, while resulting in a reduction in the amount of current assets over current liabilities, was deemed by your Directors to be in the best interests of the Shareholders.

There was a considerable increase in demand for cement during the year just closed due in part to wartime activities. This was particularly noticeable during the Fall months of the year.

During the year your Directors authorized the modernization of your Exshaw, Alberta, plant. This work will be proceeded with as and when it can be done without interfering with war activities. The other operating plants of your Company have all been well maintained and are in good condition.

Owing to the war situation it is not possible to predict with any degree of certainty what volume of business may be available for your Company in 1941, but barring unforeseen events a fair degree of activity in the building trade is in prospect.

Respectfully submitted on behalf of the Board of Directors.

J. D. JOHNSON, President.

CONSOLIDATED BALANCE SHEET—NOVEMBER 30, 1940

ASSETS

CURRENT ASSETS:			
Inventories of Cement, Materials and Supplies as determined and certified by the Management and valued at or below cost, which is below market		$ 1,199,604.10	
Accounts Receivable (less Bad Debts Reserve)—			
Customers' Accounts	$1,169,330.27		
Other Accounts	32,190.44		
		1,201,520.71	
Government Bonds (Market Value $679,868.75)		652,345.75	
Cash		1,916,488.39	
			$ 4,969,958.95
INVESTMENT IN COMPANY'S OWN BONDS, AT PAR			93,500.00
UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES			129,598.76
BOND REFUNDING EXPENSE (less amounts written off)			1,210,000.00
PROPERTY ACCOUNT:			
Land, Buildings, Plant and Equipment, etc. (as appraised by Messrs. Ford, Bacon & Davis Inc. on the basis of commercial value at September 30, 1927, $38,267,500.00) and the Canada Cement Building at cost; with subsequent net additions at cost; less Depreciation Reserves of $18,059,702.81			37,937,855.90
			$44,340,913.61

LIABILITIES

CURRENT LIABILITIES:			
Accounts Payable		$ 572,489.45	
Bond Interest Accrued		37,188.00	
Preference Dividend declared, payable December 20, 1940		251,086.25	
Provision for Dominion, Provincial and Other Taxes (after prepayment of $500,000.00 to the Dominion Government)		1,373,855.51	
			$ 2,234,619.21
FIRST MORTGAGE BONDS:			
Authorized	$20,000,000.00		
Issued Series "A"	$16,500,000.00		
Outstanding 4¼% Sinking Fund Bonds due 1951			10,500,000.00
MORTGAGE ON CANADA CEMENT BUILDING:			
Repayable in semi-annual instalments and balance due in 1948			595,000.00
RESERVES:			
Fire Insurance		$ 750,000.00	
Extraordinary Repairs and Renewals		350,000.00	
Industrial Accidents		57,600.00	
Contingent Reserve		400,000.00	
			1,557,600.00
PREFERENCE SHARES REDEMPTION RESERVE			55,900.00
PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE SHARES OF $100.00 EACH REDEEMABLE ON SIXTY DAYS' NOTICE:			
Authorized (of which $21,000,000.00 has been issued)		$25,000,000.00	
Outstanding			20,086,900.00
NOTE: Dividends are in arrears $34.25 per share.			
COMMON SHARES:			
600,000 Shares of No Par Value out of an authorized issue of 750,000 Shares			6,403,904.75
EARNED SURPLUS:			
Profit and Loss Account for the year ending Nov. 30, 1940—			
Profit from Operations after deduction of Executive Remuneration $79,315.00, Directors' Fees $10,720.00 and Legal Expenses $690.28	$5,224,220.96		
Income from Investments	28,787.68		
		$ 5,253,008.64	
Deduct:			
Bond Interest (net)	$ 505,488.29		
Mortgage Interest	25,300.00		
Provision for Depreciation	1,500,000.00		
Proportion of Bond Refunding Expense	110,000.00		
Provision for Dominion and Provincial Income and Profits Taxes	1,780,000.00		
		3,920,788.29	
		$ 1,332,220.35	
Earned Surplus, November 30, 1939		2,579,114.30	
		$ 3,911,334.65	
DEDUCT: Dividends on Preference Shares		1,004,345.00	
			2,906,989.65
			$44,340,913.61

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Canada Cement Company Limited and its Subsidiary Companies for the year ending November 30, 1940, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of Canada Cement Company Limited and its Subsidiary Companies at November 30, 1940, and that the Profit and Loss Account correctly sets forth the result of their combined operations, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO., Auditors.
Montreal, December 20, 1940.

Approved on behalf of the Board:
J. D. JOHNSON, Director.
F. B. KILBOURN, Director.

Noranda Mines Puts Emphasis on Gold

New Mills May Be Built To Assist in War Effort

By GORDON M. GRANT
Staff Writer, The Financial Post

In many respects Noranda Mines has just closed the most successful year in its history. Total income has proved the highest on record and net profits for the year are expected to be only slightly lower than the record $4.98 a share for 1939, despite a doubling of taxation.

From what J. Y. Murdoch, president of the vast Noranda mining empire, tells The Financial Post, this coming year may well witness a further growth in the company's widespread enterprises. Income from subsidiary and associated companies is likely to show a continuation of the growth which featured this year, while at least one, and possibly four, new enterprises may be brought along to the production stage.

Outstanding angles of the current Noranda picture are as follows:

1. Greater emphasis on gold production and less on copper output.
2. A doubling of domestic Canadian copper consumption in prospect with facilities for brass manufacturing extended by leading Canadian companies.
3. Indications of higher grade gold ore secured recently in Noranda's Horne mine.
4. Waite Amulet copper production, controlled by Noranda, expected to increase. Zinc shipments to be resumed.
5. Completion of the 200-ton Empresa Minera mill, another Noranda Nicaraguan project, expected early in second quarter of 1941.
6. Two new gold propositions now being considered for production as further aid to country's war efforts.
7. Exploration lower as prospecting declines. Section 32B laid the "cold hand of death on prospecting"—Murdoch.

At the Great Horne mine, still the keystone of the Noranda holdings, production emphasis is now changing.

Early in 1940 a large copper production was being stressed. Now copper output is expected to drop and gold production to increase.

This does not result from a lessening of the demand for copper but reflects greater custom business. Production of copper concentrates from the Waite mine increased rapidly in 1940 and these concentrates will now use a greater part of the capacity of the parent company's smelter. Normetal and Aldermac concentrates are also treated as part of the company's war effort.

Refinery Capacity Increased

So tremendous has the demand been for refined copper due to the war effort that there has been a progressive enlargement of the refining facilities of Canadian Copper Refiners in which the company now has a 90% interest. Effective capacity was stepped up from 75,000 to 94,000 tons annually, December, 1939 and to 112,000 tons a year, Aug., 1940. Besides treating the copper output of all Quebec base metal producers, Canadian Copper Refiners also treats the rapidly increasing output of Hudson Bay Mining & Smelting Co. Difficulty is experienced in keeping stocks of copper on hand, so great is demand. No sooner is it refined than it is loaded. Sometimes there is no time even for cooling. Freight cars are soaked inside with water, so hot ingots will not set fire to them.

The copper picture itself is changing rapidly, according to Mr. Murdoch. In the past by far the greater part of Canada's copper has been shipped to other parts of the Empire for fabrication. Now it appears that half the copper produced will soon be used at home due to the intensification of Canada's war effort. With the extension of the Canadian Anaconda plant and the 50,000-ton addition to the Canada Wire & Cable plant (in which Noranda itself has an interest), preparations have been made for fabrication of 100,000 tons of brass a year in Canada. This alloy is almost entirely copper and zinc. So great is the manufacture of brass now that a shortage of zinc looms in 1941.

Use 47% of Copper Here

Just now it is estimated that 78% of Canada's greatly expanded copper output is being shipped abroad. With the manufacture of so much brass at home—for shell manufacture chiefly—it is expected that this figure will come down to 53%. At the outbreak of war approximately 80% of output was shipped abroad.

So much for the copper picture.

At the Horne mine it appears that some real ore news may be in the making for shareholders. Higher grade gold ore is understood to have been found along with the very wide lower grade gold ore section found in first work at depth. Sufficient information has not yet been obtained to make any definite statement about the new possibilities and details on new ore will not likely be available until around annual meeting time.

No. 6 Shaft at 4,760 Ft.

Sinking of the big new No. 6 shaft from the 2,975-ft. level was down to the 4,760-ft. horizon on Nov. 30 on its way to its objective at 5,000 ft. depth. Deep drilling is being carried out from the 4,000-ft. horizon and results from this work will likely determine at what horizons lateral work will be undertaken at depth and whether levels will be established at 150- or 175-ft. intervals.

In the upper horizons of the mine development continues to replace practically all the tonnage of ore mined. With approximately 15 years' ore ahead of the smelter, development does not need to be pressed. Treatment of custom ore and concentrates also has the effect of lessening the demands on the mine for ore.

Besides proved ore, Noranda, like most big mines, has a considerable tonnage of ore which may be classed as semi-proved or partially developed. Naturally ore estimates must lean on the conservative side.

Waite Amulet Situation

During 1941 the Noranda-controlled operation, Waite Amulet Mines, is likely to give evidence of its real earning potentialities. From an average of 481 tons of ore treated daily in 1939 the company has increased its milling rate so that 1,200 tons of ore are now being put through the new mill daily. By the end of the first quarter of 1941 practically all the 1,200 tons of ore milled will be coming from the big new A ore body and the Waite mine will be closed down. Drawing of ore from the A ore body is expected to result in an increase in copper production—Noranda will then lower its copper output further to allow the greater quantity of concentrates to be handled at the Noranda smelter.

In view of the tremendous need for a greater zinc production, Waite Amulet will resume production of zinc concentrates next April, or almost six months earlier than had been originally anticipated. The company must wait for deliveries of equipment for recovery of zinc. Production of zinc concentrates will likely be around 3,000 tons monthly. No definite marketing arrangements have yet been made, but it is thought likely that output will be sold in the United States.

Noranda has canvassed the idea of erecting a zinc smelter, but no plans have been laid in this direction. Waite Amulet has an important zinc content in its ore (about 4.56%) and there is also 300,000 tons of zinc ore at the Noranda mine. However, there are several difficulties in the way of erecting a zinc smelter. There is a big demand for zinc just now, but much of the output is a by-product of the recovery of other metals and price fluctuations are extreme. Another difficulty is treatment of ore. Different ores present different metallurgical problems. Other zinc properties in Quebec which might contribute custom business have ores which differ greatly.

As the situation is at present, shipment of zinc concentrates should provide an important amount of extra revenue for Waite Amulet's treasury.

More Waite Income in '41?

Waite Amulet is one reason for believing that Noranda investment income will be greater in 1941. The company paid an initial dividend of 10 cents a share around the middle of 1940, but, due to uncertainty over the excess profits tax, no further dividend has been paid. Earnings in the second half of last year, however, were probably greater than the 12.9 cents a share for the first half before taxes. Noranda is said to hold 65% of 3.3 million Waite shares outstanding and about $215,000 was received from this company's dividends in 1940.

Initiation of dividends by Waite was an important reason for higher Noranda non-operating income the year just closed. For the first nine months of 1940 this income amounted to $1,799,985 compared with $1,307,267 for the corresponding period of 1939.

Gold Mines Rôle

Gold mines have played an important rôle in building up Noranda's miscellaneous income. Chances for an increase in gold mine dividends in 1941 seem bright. Two gold mines of Noranda's not paying dividends—Aunor and Compania Minera La India—are realizing substantial profits.

At Aunor Gold Mines production has been stepped up to 410 tons daily or about 25% more than the rated 300-ton capacity of the mill. Recovery in the September quarter averaged over $11 a ton. Emphasis is being placed on a high production of gold to help the Dominion's war effort. Aunor is one of the few mines in Canada that can alter its grade over an extended period. High grade stopes can be drawn on rather than lower grade stopes without the effect of gutting the mine, which is not desired.

No statement has been made on early expansion at Aunor, but with earnings being conserved, expansion of mill capacity could be financed without difficulty, it is believed. Pilot diamond drilling carried out from the 1,000-ft. level gave impressive ore intersections at depth. Following shaft sinking, lateral work has been started on the ore zone at deeper horizons. Results of this work will probably have an important bearing in determining the future policy of the company.

Here is how Aunor production has been stepped up: Third quarter production in 1940 was $427,522 compared with $501,923 for the first six months of the year. Profits at the third quarter production rate may well be running at close to $1 million annually. Noranda holds slightly over half the company's 2 million shares, it is understood.

Hallnor Can Vary Grade

Besides Aunor, Noranda has two other important producers to its credit in the Porcupine area, both located in the northeast section of the camp. Hallnor — which treats the highest grade of ore in Porcupine—is almost wholly owned by Noranda, the company owning 93¾% of the 2 million shares outstanding.

Like the Aunor, Hallnor can place an emphasis on high gold production without interfering with good mining practice. For this reason the company considers a high gold output desirable due to the war effort. Noranda is receiving over a million dollars a year from this enterprise.

From diamond drilling completed it is expected ore on the lower levels will be of a somewhat lower average grade than the ore on the upper horizons. Keeping up a high production rate during wartime will probably involve the drawing of better than average grade ore from the upper levels.

Pamour Nears Broulan

Current interest at Pamour Porcupine centres in the drives being put out toward the section where Broulan Porcupine Mines has been securing its ore. These drives are going forward at the 400-, 600- and 1,600-ft. levels. The 400-ft. level drift is expected to reach its objective in less than a month's time. Part of the Broulan ore is believed to strike and dip into Pamour ground and, if similar ore is opened up there, it could possibly prove of major importance. The Broulan ore lends itself to sorting and similar ore would improve Pamour grade.

Noranda is understood to hold over 50% of the 5 million Pamour Porcupine shares outstanding. With 12 cents a share paid by Pamour in 1940 Noranda's share in dividends was about $300,000.

Down in Nicaragua, Noranda Mines holds a 63¾% interest in Compania Minera La India. Mill capacity at this property has been gradually stepped up and 250 tons daily are now being treated compared with the initial mill capacity of 100 tons in 1938. Net profits in 1939 were $635,000 and dividends were paid in 1940 for a time.

La India has undertaken financing of Empresa Minera de Nicaragua in the El Limon district of Nicaragua, about 45 miles from La India. Dividends have been deferred by La India while this is being carried on. A mill of 200 tons capacity is being placed on the Empresa property and completion is scheduled early the second quarter of 1941. It is expected that ore grade will run about $9 to $10.50 a ton. This is expected to give a fair margin of profit.

There is more ore available at the Empresa property than at La India with its mill at 350 tons daily. Officials are looking forward to Empresa expansion.

Noranda Policy Not Changed

With completion of Empresa financing it is expected that La India will resume paying dividends in 1941. Financing of Empresa by La India rather than Noranda directly does not represent any change in Noranda's policy. In this particular instance it was impossible for Noranda to secure Nicaraguan exchange, but La India could; therefore the financing was done by La India.

The two Noranda mines in Nicaragua were not just come upon by accident. Noranda engineers have looked over more than a hundred properties in Nicaragua and adjoining countries in the last year and a half. It appears to be a good country for gold mines, Mr. Murdoch states. This is the only part of the world where Noranda has undertaken development of mines outside of Canada.

Exploration Runs Lower

Canadian exploration carried out by Noranda last year was lower than in the previous year. This can be traced directly to the decline in general prospecting activity. Section 32B laid the "cold hand of death" on prospecting along with too stringent regulations of the securities commissions, Mr. Murdoch says. "We can't expect new mines as long as 32B is in force."

New mining properties, Mr. Murdoch points out, are not like potatoes where you get a new crop each year on the same land. The decline in prospecting is viewed as a very serious problem for Canada. Extension of mining activity in established mining camps has partly disguised the seriousness of the decline in prospecting.

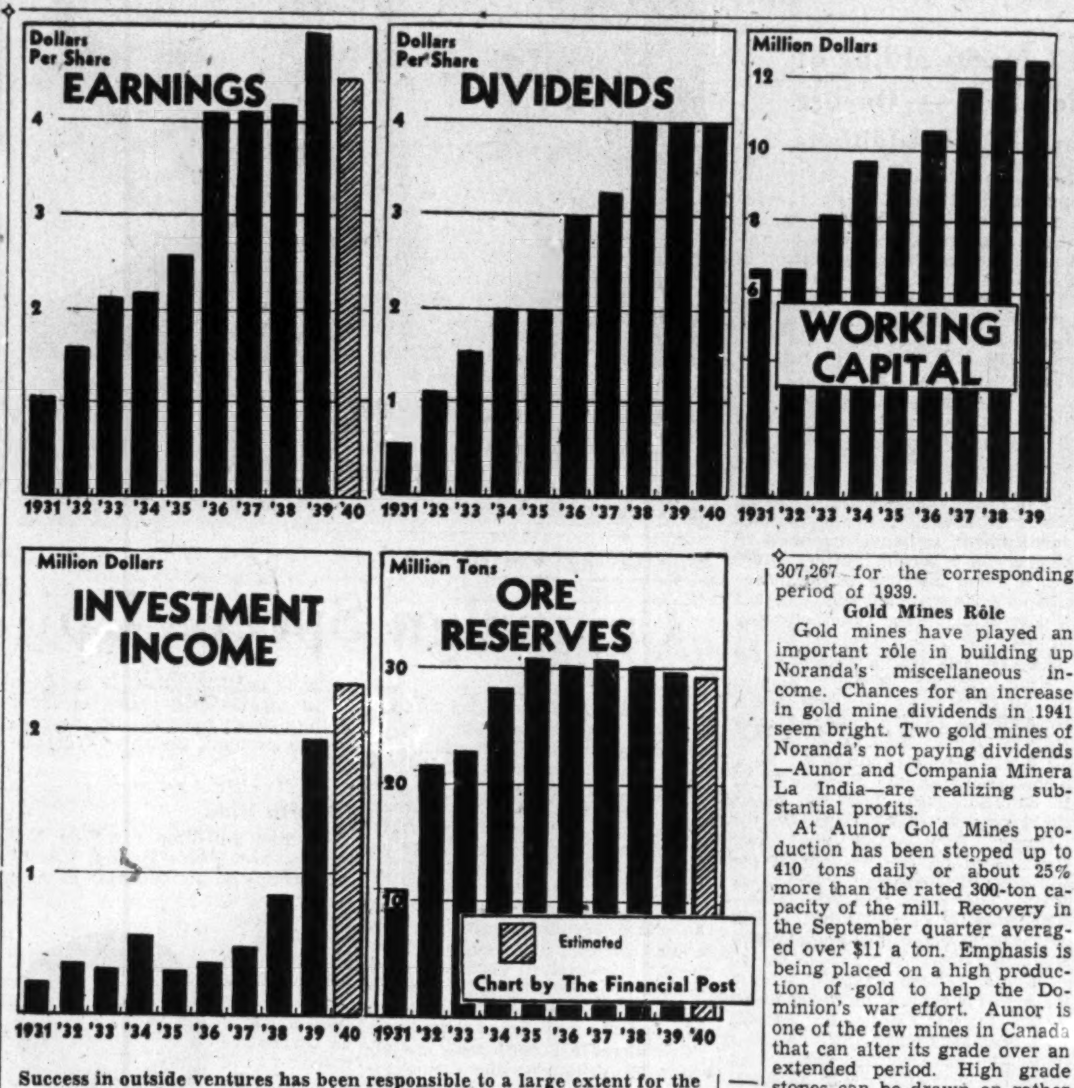
Two Gold Mines Chances

Noranda has two gold mining propositions which can be brought into production as war efforts. One is understood to be a very large tonnage low grade proposition. Besides these two gold mining operations—and the Empresa Minera which is nearing production—Noranda has another proposition which is a "question of foreign exchange."

The question of placing the two gold mining propositions in production depends on how far the Dominion Government is prepared to extend assistance. Officials of the company have found the Government desirous to give help but slow to act. The case of Waite Amulet and its excess profits tax problem is cited in this regard.

In addition to controlled and associated companies Noranda Mines has substantial interests in other companies in which excess cash has been placed. One of these is Kerr-Addison Gold Mines in which the company has a "very heavy" holding.

Noranda holds some stock directly in National Malartic Gold Mines in addition to an interest held through Quebec Gold Mining Corp., the largest shareholder. When asked if the 30% interest reported recently for Noranda in Quebec Gold Mining Corp. was correct, Mr. Murdoch stated: "Our interest in Quebec Gold Mining Corp. is substantially greater than 30%."



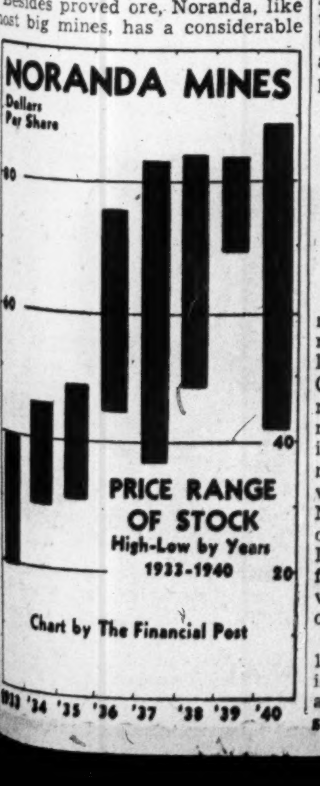
Success in outside ventures has been responsible to a large extent for the remarkable success of Noranda in the last few years. Estimates for 1940 made above are believed to represent good approximations but are not based on official figures.

Noranda's Empire is chiefly concentrated in two Canadian mining camps — Rouyn and Porcupine. But it also extends to Nicaragua in Central America.

Main interest still lies in the original Horne copper-gold mine at Noranda, Quebec. Alongside is Noranda-controlled Waite Amulet Mines which is now producing copper at the highest rate in its history.

In the Porcupine camp there are three Noranda operations, Hallnor, which is close to being wholly-owned, and Pamour and Aunor, in each of which the company's interest approximates 50%. In Nicaragua, Noranda controls a gold producer in Cia Minera La India. This company in turn controls Empresa Minera de Nicaragua, another gold mine.

Noranda is not just interested in the business of mining. During the last year the company has increased its interest in Canadian Copper Refiners to 90%. An interest is also held in Canada Wire and Cable Co. engaged in the fabrication of metals. In addition the company has a steady growing portfolio of mining stocks, full details of which are not disclosed.



Mining Enquiries

Central Porcupine

Is any work being carried on at the property of Central Porcupine Gold Mines at the present time? Does there appear to be a chance that the property will ever develop into a mine?

Central Porcupine Mines carried on no exploration in either 1939 or 1940 and no plans have been reported for further work at this time. A large amount of drifting underground and diamond drilling has been completed in the past, but unfortunately this work was barren of ore bodies.

Balance sheet as at December 31, 1939, showed current assets of $187,241, including investments of $182,859 whose market value is reported at $177,400. Current liabilities were reported at $150. With a substantial amount in the company's treasury, it should be possible to carry out further exploration if officials desire this. The company's property is large and it does not appear likely that all possibilities have been tested.

Kerr-Addison

I have been told that there has been a very great tonnage of ore indicated at depth in Kerr-Addison Gold Mines. Will such a new development have any immediate effect on the company's position?

While considerable detail work remains to be done, a very large tonnage of ore has been indicated at the lower horizons of Kerr-Addison Gold Mines by diamond drilling carried out the last few months. At the new 1,300-ft. level, for instance, it is estimated that there is now in the neighborhood of 8,000 tons of ore per vertical foot indicated. So far the No. 21 ore body is the most important of the ore bodies located at this level. It is stated to show a length of 1,100 ft. averaging $7 per ton across a width of 46 ft. with gold at $35 an ounce.

An increase in mill capacity from 1,200 to 1,800 tons daily will come into effect around the end of January, which is expected to result in a substantial increase in earnings. In spite of the important ore disclosures taking place at depth, it is not expected that any further major expansion in milling capacity will be considered for the present. Development is to be carried to 3,000-ft. depth and this will require all the company's extra hoisting facilities for shaft sinking and opening up a series of new levels.

One thing appears clear, however. The company has ore ahead of it for many years' requirements even at the new high milling rate to go into effect shortly. Exploration of present levels at depth has not nearly been completed yet and may add much further ore. From the long-term point of view the large tonnage of ore placed in sight suggests the company has a long profitable future ahead of it.

Hollinger Consolidated

Please give me some information on the general outlook for Hollinger Consolidated Gold Mines.

In spite of the 30 years in which Hollinger Consolidated Gold Mines has been producing, there are still no signs of mine exhaustion and ore reserves have been gradually increased the last two years. Reserves reported at the end of 1939 were between five and six years' supply and no doubt development has approximately replaced ore mined during 1940.

With lateral exploration continuing to reveal new ore at the middle horizons of the mine, the company has not pressed development at depth. However, crosscutting on the deepest levels has revealed good ore and there is no reason to suppose that the company will not mine ore much deeper than has so far been carried out.

Earnings for the first six months of this year amounted to 60 cents a share compared with 51 cents a share for the corresponding period of 1939, the increase being due to a rise in the value of production which more than offset a sharp rise in taxes.

A total of $1.10 a share was paid in dividends in 1940, the same as in the previous four years. If earnings continued at the higher level of the first half of 1940 in the latter half of the year, working capital may show a considerable gain over the $2.2 millions reported at the end of 1939 when the company makes its report for 1940.

Central Patricia

Is the expansion in mill capacity at Central Patricia Gold Mines likely to increase earnings to any extent? How much has the company been earning recently?

Expansion of the mill of Central Patricia Gold Mines from 315 to 400 tons daily will be completed very shortly if it is not already finished. Purpose of the mill increase was to allow treatment of a considerable tonnage of lower-grade material to be secured by cutting ore bodies wider. While this further ore will undoubtedly yield a profit, the extent of the increase is difficult to determine at this time.

Earnings for the first six months of this year amounted to $303,958 which was equal to 12.16 cents a share. This was closely in line with the 1939 profit of 24 cents a share. No statement is available on earnings the latter part of 1940, but the company declared a total of 23 cents a share in dividends for 1940, compared with 21 cents a share for the previous year.

Development of the lower levels of the mine is now being undertaken. First results have been up to expectations, it is understood.

Anoki Suspends Work In East Kirkland

Underground exploration has been suspended at the property of Anoki Gold Mines located in the eastern part of the Kirkland Lake area. Finances for work had been provided by Bankfield Consolidated Mines.

Development of the property was carried out on four levels at 350, 475, 600 and 725 ft. depth. Some shoots of marginal grade were opened up on the two upper levels, but results on the 600 and 725 ft. levels are understood to have been disappointing.

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CHARTERED ACCOUNTANTS

WATCHING THE ROAD

The simplest description of the unhappy plight of civilization today is that the world has lost its way. The democratic countries of whom we proudly form a part had hope and faith in the ultimate establishment of good relations between nations. The sign posts in Europe during the past decade, however, were clear. What, if any, was the foundation of such hope and faith? It may be said now that one of the most unfortunate things to happen to trustful people is to assume too much on blind faith.

The need for analysis applies in every sphere of human activity. To every corporation and businessman, each year is a new road to be traversed. There are those who enter upon the journey of commercial adventure prepared for what may be met. There are others, however, who with a meagreness of knowledge and a paucity of information about their business go forward in blind faith; they may or may not reach their hoped for destination.

The utilization of accounts as an aid to business is acknowledged as all important by the alert executive. One of the services of the chartered accountant is explaining the meaning of the figures in accounts. He does not predict results; but from his wide experience in analyzing businesses, he is able to present facts, figures and informative data, past and present, in such a way that definite conclusions and inferences can be drawn therefrom which will serve as guides to immediate and future policies.

One of a series of brief discussions of the work of the professional accountant.

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Montreal Stock Values Show November Decline

From Our Own Correspondent

MONTREAL.—Value of securities listed and traded on the Montreal Stock Exchange and Curb Market declined in November from the preceding month and the same month last year.

At Nov. 30 value of these securities totalled $6,641.9 millions, a decrease of $146.1 millions from the end of October and a decrease of $283.7 millions from Nov. 30, 1939.

Of 22 classes of securities, 15 were lower at the end of November from October and seven were higher. The seven groups showing gains were: Agricultural implements, aircrafts, banks and financial institutions, breweries and distilleries, constructions, pulp and paper and transportation stocks. Gains and losses in all groups were of moderate proportions.

Canada's Power Capacity Gains 300,000 H.P.

Installed Water-Power Capacity at End of 1940 Nearly 8.6 Million H.P. — Quebec and B. C. Lead in New Additions

From Our Own Correspondent

MONTREAL.—New water power installations in Canada during 1940 totalled 302,790 h.p., according to the statement released by the Hon. T. A. Crerar, Minister of Mines and Resources. Adjusting this figure, because of the inclusion in the 1939 totals of two installations not actually operating until after Jan. 1, 1940, and, because of the omission of two 1939 installations not reported before the end of that year, gives total installation as of Jan. 1, 1941, to 8,584,438 h.p.

Much of the increase was due to additions to existing installations, but two new stations were completed and brought into operation during the year.

Two for Quebec

The larger of these was the 178,000 h.p. plant of the St. Maurice Power Corp., jointly owned by Shawinigan Water & Power Co. and Brown Corp., at La Tuque on the Upper St. Maurice River. The other, the 7,500 h.p. hollow bridge plant of the Avon River Power Co., was completed on Black River in Nova Scotia.

The larger additions to existing plants included a 53,000 h.p. unit installed in the Beauharnois Light, Heat & Power Co. station on the St. Lawrence River and two units of 25,000 h.p. each in the West Kootenay Power & Light Co.'s Upper Bonnington station on Kootenay River, British Columbia.

Activity on Coast

In his review of developments by economic areas the Minister of Mines and Resources points out that the major activity in British Columbia was the completion of the extension on the Upper Bonnington by the West Kootenay Power & Light Co. After completion of this work the construction equipment was moved to Brilliant, the only remaining undeveloped site on the Kootenay River downstream from Nelson. This site will provide power for an installation of 90,000 h.p.

Additional power for the Lois River station of the Powell River Co. and the Shuswap Falls station of the West Canadian Hydro-Electric Corp., was provided by completion of a storage dam by each company.

N. W. T. Enters Lists

Construction of the first hydro-electric plant in the North West Territories was planned for completion in 1940 by Consolidated Mining & Smelting Co. to provide power for its Con and Pearmigan Mines. Unexpected delays have prevented the scheduled completion of the plant, but it is now expected that power from it will be available early in 1941. The plant, which is on the Yellowknife River at the outlet of Bluefish Lake, will contain one unit of 4,700 h.p.

Meet Industrial Load

Owing to the rapid increase in industrial load at Sault Ste. Marie, Great Lakes Power Co. proceeded with enlargement of its hydro-electric development at Upper Falls on Montreal River. The dam at this development is being increased in height and a second unit of 10,000 h.p. is being installed in the power station. It is expected that this unit will be available for operation early in 1941.

Ontario Hydro Active

Hydro-Electric Power Commission of Ontario was engaged in the construction of a number of projects last year. Installation of Unit No. 3 was completed at the Ear Falls development on the English River in January, 1940. The unit has a rated capacity of 7,500 h.p. On the Georgian Bay system work was commenced on construction of the Big Eddy development on Musquash River. This plant will have a turbine capacity of 10,000 h.p. and is expected to come into operation in Nov., 1941.

In the eastern Ontario system work was begun on the construction of the Barrett Chute development on Madawaska River. The development will have a rated capacity of 56,000 h.p. and energy will be available late in 1942.

South River Electric Co. added a 380-h.p. unit to its plant near South River, Ont., and the Deagle Co. a 160-h.p. unit to its plant at Whitefish Falls on Whitefish River.

More Power in Quebec

In Quebec Province St. Maurice Power Corp. completed its new station at LaTuque on the Upper St. Maurice River, with four units aggregating 178,000 h.p.

Beauharnois Light, Heat & Power Co. completed in October installation of the tenth unit of 53,000 h.p. in its station on the St. Lawrence River. The eleventh unit is planned for operation in Feb., 1941, and work is proceeding on the installation of the 12th and 13th units of the same capacity.

Aluminum Power Co. replaced the runner on the turbine in its generating station at Chute-a-Caron on the Saguenay River, thereby increasing the capacity of the unit from 65,000 h.p. to 70,000 h.p.

Quebec Plant Progressing

At the Quebec Streams Commission development on the Upper Ottawa River the work inaugurated by the former Quebec National Electricity Syndicate progressed steadily during the year. The plant is expected to be in operation by Aug., 1941, and will have an ultimate installation of 48,000 h.p.

A further development in western Quebec is the construction of a small hydro-electric plant, 250 h.p., by the St. Eugene Electric Co. at the outlet of Cameron Lake.

The Pembroke Electric Light Co. is installing an additional penstock and a 2,200 h.p. unit in its plant on Black River.

Maritime Work Limited

No new hydraulic construction was in progress in New Brunswick during the year.

Nova Scotia repots two hydro-electric generating stations were completed during 1940. One of these, the Barrie Brook station of the Nova Scotia Power Commission, was completed early in the year.

Avon River Power Co., a subsidiary of Nova Scotia Light & Power Co., completed and brought into operation its second generating station on Black River. The capacity of this unit is 7,500 h.p.

T C A Services Widened in '40

Scale of Operations Greatly Extended in All Sections

From Our Own Correspondent

MONTREAL.—Although the war brought modifications in some of the programmes of the company, Trans-Canada Air Lines experienced a steady development in its operations throughout 1940, according to a statement issued by S. J. Hungerford, president.

In the past 12 months TCA aircraft flew over 5 million miles, and carried nearly a million pound of mail, 100,000 lb. of express and 55,000 passengers. The average passenger travelled a distance of 560 miles in approximately 3¼ hours.

Sharp Contrast Noted

The contrast between the first and the last of the year is marked, said Mr. Hungerford. During January TCA carried 2,600 passengers, 45,000 lb. of mail and 7,000 lb. of express; in December approximately 6,000 passengers, 100,000 lb. of mail and 11,000 lb. of express. In January 7,500 miles were flown each day; in December approximately 15,500.

Last January TCA extended its services from Montreal to Moncton, where air connections are made for Halifax, Saint John and Charlottetown. April saw inauguration of a second daily service between Montreal and Vancouver. By July London and Windsor were joined to the TCA network by direct service. In August a fourth round trip was added to the Toronto-Ottawa-Montreal service.

Improve Airport Facilities

In surveying additions to TCA property during the past year, Mr. Hungerford pointed out that a new hangar was erected at Moncton and an addition made to the shop building at Winnipeg. Work was commenced in the fall on a hangar at the new Montreal airport now being constructed at Dorval. This field will accommodate civilian flying and replace the St. Hubert airport which is being turned over to military operations.

Plans for 1941 contemplate the establishment of service between Toronto and New York, a third daily trip between Montreal and Vancouver, a second daily trip between Montreal and Moncton, and additional schedules on local services.

Help Training Plan

The changeover from peace to war, says Mr. Hungerford, has been marked by progressive co-operative action by Trans-Canada Air Lines with the air arm of the British Commonwealth. "We have supplied many employees for the fighting forces, a dozen of them to become pilots. The overhaul and repair of flight instruments and other work was undertaken in our shops for the R.C.A.F. Early in 1941 Trans-Canada will have a maintenance base in operation at Malton Airport, Toronto. This is being established to maintain R.C.A.F. equipment of certain types and will be staffed with TCA employees.

"Last spring our pilots volunteered their 'layover' time for any duties in connection with the war effort. Their services have been employed in the ferrying of aircraft from United States points, and between the different training fields in Canada, and in training civilian pilots proceeding overseas for duties relating to aircraft production in the United Kingdom."

Blank-Stoller photo.

ELECTED TO EXCHANGES

H. C. Flood (right), senior partner of Flood & Co., Montreal, who has been elected a member of the Montreal Curb Market. At the same time it is announced that E. F. Willing, associated with Flood & Co., has been elected a member of the Montreal Stock Exchange.

War Savings Certificates

Campaign Speeds Up

Tempo of the campaign to increase the sale of war savings certificates through the medium of regular savings by employees is rising rapidly and is expected to reach a maximum before long. There are now over 400 local committees formed, and the committees have memberships ranging from five to 100, according to the size of the job each tackles. Some of these committees are already at work, and the others organizing quickly. Already a million wage earners have bought war savings certificates, or one out of every three. By the end of this year it is expected that the ratio will be two out of three.

Considerable groundwork has already been done on the employer-employee programme. Last month 10,000 employers were circularized Suggestions were made as to the manner in which to effect greater organization of savers. Considerable progress has been made in the campaign to secure 2,000,000 subscribers and the sale of $10 millions of war savings certificates each month.

* * *

Good Co-operation

A good example of employee campaigning is seen in the Colonial mill of the Dominion Textile Co. The campaign was organized by the workers themselves and as a result 100% of the workers in the plant are subscribing regularly now to the purchase of war saving certificates.

The management also has played its part in furthering the good work. In addition to the usual turkeys and toys, the company gave war savings certificates to all employees who had been regularly with the company since the start of the war. This Christmas bonus resulted in the distribution of $80,000 of certificates.

* * *

The Canadian Pacific Railway's Windsor Street station is one of the busiest places in the Dominion. During the course of the year hundreds of thousands of travellers pass through it. The advertising value of a notice in the concourse is obvious. For the first time "in the history of living man" the company has authorized the placing of two large billboards there advocating the sale of war savings stamps and certificates.

* * *

Dominion Foundries and Forgings of Hamilton has been carrying on an unusually successful sales campaign with full-page advertisements illustrated with a war theme. Of late it has incorporated into these advertisements a notice urging the purchase of war savings certificates. An increasing number of firms are helping in this way to increase the sale of certificates.

* * *

$1,450 to $100,000

In Fort Erie, Ont., the Chamber of Commerce has a campaign under way to step up the sale of certificates from $1,450 a month to $100,000 a year. An intensive campaign will be started on January 7 and continue until the 27th. It has been found that 175 employers of labor in the district have not been organized to promote the sale of certificates.

* * *

Ontario Aide

To give full-time direction and impetus to the War Savings Certificate campaign in Ontario, Duncan Robertson, well known in Toronto and Montreal investment circles, has been appointed executive assistant to R. V. LeSueur, chairman of the Ontario War Savings Certificate Committee. Mr. LeSueur is vice-president of Imperial Oil Ltd.

DUNCAN ROBERTSON

For the past 10 years, Mr. Robertson has been head of his own investment and brokerage firm, Duncan Robertson & Co., Toronto. This concern suspended operations last July, but Mr. Robertson retains his membership in the Toronto Stock Exchange.

Born and educated in Edinburgh, Scotland, Mr. Robertson came to Canada prior to the last war and joined the staff of Wood, Gundy & Co., Toronto, in 1913. Excepting the several years he was overseas with the 75th Battalion, C.E.F., he remained with this company until 1927. From then until 1930, when he established his own brokerage house in Toronto, he was general manager for a group of investment trusts with headquarters in Montreal.

* * *

Chatham Puts It Over

Latest reports from the "blitzkrieg front" of the Chatham drive for war savings certificates demonstrate the wisdom of extending the spectacular campaign there for an extra week. At the end of the first week, when the drive was planned to end, sales of certificates and stamps amounted to just under $34,000.

This was gratifying to the committee in charge, especially in contrast with the comparative trickle of sales which prevailed before the campaign started. But at the end of the supplementary week of similar though less intensive campaigning, receipts had soared to $56,303. From a single radio appeal, subscriptions of more than $3,200 were received.

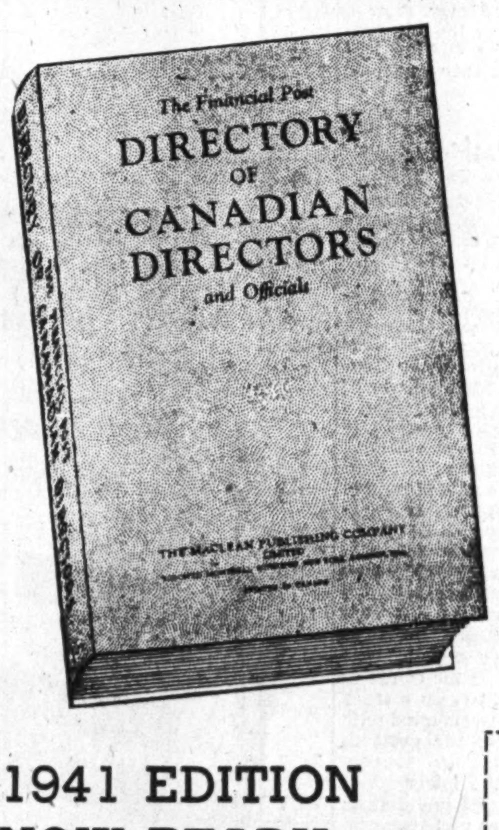
The returns in the 14 business days of the Chatham "blitz" amount to approximately $3 a head for every one of the 17,000 inhabitants of the town. This compares favorably with official estimates of the total sales across Canada since war savings certificates were first offered last May, which work out at about $2 per capita.

A total of 23,181 individual sales was rolled up in the campaign. The number of individual buyers and subscribers is believed to be even greater.

The results of the drive are regarded as all the more gratifying in view of the exceptionally bad weather in Chatham during the campaign, and the fact it conflicted with the Christmas shopping season.

House-to-house canvassing will be conducted in January to follow up the drive and keep subscriptions on a continuing basis as far as possible.

Among the many interested students of the "Chatham Plan" has been Duncan Robertson, newly appointed executive assistant to R. V. LeSueur, chairman of the Ontario Regional Committee of the war saving certificates campaign.



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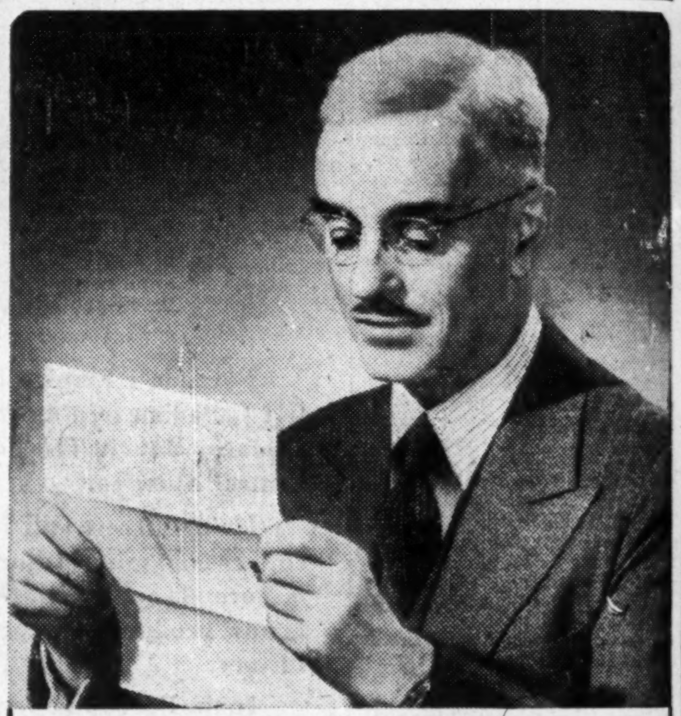

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